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Operational activities of the United Nations for international development cooperation: follow-up to policy recommendations of the General Assembly and the Council

Quadrennial comprehensive policy review of operational activities for development of the United Nations system

Report of the Secretary-General***

Summary

The present report reviews efforts to enhance the coherence, effectiveness, efficiency and impact of the United Nations operational activities for development, pursuant to General Assembly resolutions 62/208 and 64/289 and Economic and Social Council resolution 2011/7. The report highlights a number of achievements and notes areas where further progress is required. Advancement on some issues hinges on the actions of Member States. There is also the need for the Organization to adapt to the changing development landscape and to reposition operational activities of the United Nations system in order to better avail itself of partnership opportunities as well as to operationalize global development norms and frameworks. Adaptation to change is an underlying theme of the present report.

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Since the triennial comprehensive policy review in 2007, progress has been made in enhancing the coherence and functioning of the United Nations development system. This includes operationalizing the "Delivering as one" concept in countries voluntarily adopting this approach and implementation and evaluation of the "Delivering as one" pilot initiative. At the global level, the normative and operational mandates of four gender-related entities were consolidated through the establishment of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women); and principles and mechanisms for an integrated country response in situations of transition from relief to development have been adopted and put into practice. Overall, stakeholders are of the view that the coherence of the United Nations development system has improved since 2007.

The funding of United Nations operational activities for development is the subject of a separate report and only key issues are highlighted in section III of the present report. The overall funding flows for operational activities of the United Nations system more than doubled in the 1995-2010 period in real terms. Since 2005, however, funding has grown for the first time at a slightly lower annual pace than total official development assistance flows as reported by the Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC). Core contributions to operational activities for development of the United Nations system from OECD/DAC countries declined in both 2010 and 2011, reflecting fiscal constraints in several countries. The increasing imbalance between core and non-core funding is a growing concern, with adverse implications for several policy objectives. Discussions are also pending on the issue of "critical mass" of core resources at the level of the executive boards of the funds and programmes.

The primary responsibility for coordinating external assistance, including United Nations support, lies with national authorities. The role of system-wide coordination processes is to ensure that the work of the United Nations system for development is effectively aligned with national development needs and priorities. The main United Nations-wide coordination processes: the Resident Coordinator system (including headquarters and regional dimensions), the United Nations Development Assistance Framework and common administrative services at the country level, all need further strengthening. Section IV of the present report provides in-depth analysis of progress and challenges in strengthening these three coordination mechanisms.

There are ongoing efforts within the United Nations development system towards enhancing development effectiveness. Section V of the present report reviews progress in the areas of capacity-building, gender equality and South-South cooperation. Guidelines formulated by the United Nations Development Group have contributed to increasing collaboration on capacity development, especially in the context of country analysis and programming. The establishment of UN-Women has begun to reinvigorate implementation of the gender equality and women's empowerment agenda within the organization. South-South cooperation and triangular cooperation have gained momentum since the triennial comprehensive policy review in 2007 and are proving an effective channel for capacity-building, sharing of knowledge and transfer of technology, and in fostering regional integration. Section V of the present report also reviews the status of the issues of the regional dimension, results-based management and planning, and evaluation. Progress on those issues has been gradual, although the United Nations Evaluation Group, with voluntary membership of 43 evaluation units, is particularly active, producing key guidance documents, including the *Handbook on Integrating Human Rights and Gender Equality in Evaluations — Towards United Nations Evaluation Group Guidance*.

The changing development landscape is discussed in section II of the present report, with particular focus on the possible implications for the United Nations development system. This will call for thinking "outside the box", or a collective reflection among Member States and United Nations entities on how best to reposition the United Nations development system in a changing global development cooperation environment characterized by the emergence of new centres of economic dynamism, the intensification of global challenges, transformation of the relationship among States, markets and individuals, and major growth of new institutional actors. The report offers suggestions for a two-track process of adapting to change in this regard.

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I. Introduction

Background

1. The quadrennial comprehensive policy review is the mechanism through which the General Assembly assesses the relevance, effectiveness, efficiency, coherence and impact of United Nations operational activities for development. Such activities cover both longer-term development-related activities and those with a shorter-term humanitarian assistance focus. A number of United Nations entities have mandates in this regard.[1] Through the quadrennial comprehensive policy review, the Assembly establishes system-wide policy orientations and country-level modalities for development cooperation. The quadrennial review therefore has a dimension that is both evaluative and a forward-looking.

Purpose

2. The present report, submitted for the consideration of the Economic and Social Council, assesses the follow-up to General Assembly resolution 62/208 on the 2007 triennial comprehensive policy review. It also responds to resolution 64/289 on system-wide coherence and Economic and Social Council resolution 2011/7, which provides guidance to the Secretary-General on analytical preparations for the 2012 quadrennial comprehensive policy review. A second report of the Secretary-General, with recommendations, will be submitted to the Assembly in September, following the substantive session of the Council.

Coverage and scope

3. The present report assesses progress in three areas: funding; development effectiveness; and functioning of the United Nations development system. A more detailed analysis of funding is provided in a supplementary report of the Secretary-

[1] A total of 37 entities of the United Nations system received funding for operational activities for development in 2010. Those entities constitute what is generally referred to as the United Nations development system. General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system is binding on those United Nations entities that report to the Assembly. They include 14 funds and programmes: the United Nations Development Programme (including the United Nations Capital Development Fund and the United Nations Volunteers programme), the United Nations Children's Fund, the United Nations Population Fund, the World Food Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Office on Drugs and Crime, the United Nations Conference on Trade and Development (including the International Trade Centre), the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Entity for Gender Equality and the Empowerment of Women, the United Nations Environment Programme and the United Nations Human Settlements Programme; 6 research and training institutions: the United Nations International Crime and Justice Research Institute, the United Nations Institute for Disarmament Research, the United Nations Institute for Training and Research, the United Nations Research Institute for Social Development, the United Nations System Staff College and the United Nations University; and 3 other entities: the Joint United Nations Programme on HIV/AIDS, the United Nations International Strategy for Disaster Reduction and the United Nations Office for Project Services. Together these entities account for some 80 per cent of total operational activities for development. For the specialized agencies, the quadrennial comprehensive policy review provides guidance. Several specialized agencies have decided to abide by resolution 62/208 and submit annual reports on its implementation to their respective governing bodies.

General. Also relevant are the prior reports submitted to the Economic and Social Council for its annual review of the follow-up to resolution 62/208 (E/2008/49, E/2009/68, E/2010/70, E/2011/172). The focus of the present report is on the key challenges and opportunities facing the United Nations system in the broader global environment for development cooperation.

4. The present report briefly covers some aspects of the "Delivering as one" exercise. Emerging conclusions and lessons learned from the independent evaluation of that exercise are included in annex II to the report. The report on the independent evaluation will be completed before the end of the sixty-sixth session of the General Assembly, as mandated by resolution 64/289, and should also be read in conjunction with the second report of the Secretary-General on the quadrennial comprehensive policy review, to be submitted to the General Assembly in September.

Substantive preparations

5. The substantive preparations for the 2012 quadrennial review have placed particular emphasis on eliciting perspectives from country-level stakeholders. The Department of Economic and Social Affairs conducted four online surveys of: (a) programme country governments; (b) United Nations country teams; (c) United Nations operations management teams at the country level; and (d) civil society organizations that work closely with United Nations entities at the country level. More than 1,000 responses were received through these surveys.[2] Further information on the methodology of the programme country government survey, including selected findings, is provided in annex I.[3]

6. In addition, the Department of Economic and Social Affairs commissioned background studies, including through partnership with other United Nations entities (the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), the United Nations Development Group/Development Operations Coordination Office, the Millennium Development Goal Achievement Fund).[4] Preparations for the quadrennial review also involved: a desk review of relevant documents and evaluation reports in all related areas, including more than 40 United Nations Development Assistance Framework evaluations and midterm review reports; visits to seven programme countries;[5] interviews with United Nations

[2] Responses were received from Governments in 111 programme countries; 518 United Nations country team members in 118 programme countries, including 78 Resident Coordinators; operations management teams in 105 programme countries; and 291 civil society organizations in 72 programme countries. With regard to the programme country survey, the responding organization was generally the department/ministry responsible for coordinating United Nations assistance at the country level, which was strongly encouraged in a letter from the Deputy Secretary-General to consult widely with other ministries in the completion of the questionnaire.

[3] As mandated by the General Assembly in its resolution 64/289 on system-wide coherence, the Secretary-General will publish the findings of the survey of programme country governments.

[4] A comprehensive list of those background studies, which is provided on the quadrennial comprehensive policy review home page of the Department of Economic and Social Affairs, is available from http://www.un.org/esa/coordination/2012qcpr.htm.

[5] The seven programme countries visited were: Bolivia (Plurinational State of), Ethiopia, Georgia, the Lao People's Democratic Republic, Peru, Thailand and Turkey.

officials at Headquarters and in the field; and a series of consultations with and briefings for Member States and United Nations entities.[6]

7. In his report on the work of the Organization (A/66/1), the Secretary-General stated:

> *"We are living in a time of global transition. Future generations are likely to describe this period as a pivotal juncture in world history when the status quo was irrevocably weakened and the contours of a new world began to emerge."*

8. The global context for development cooperation has changed dramatically since 2007. There have been food, fuel and economic shocks and social upheavals that shaped the international agenda and preoccupied policymakers. There have been multiple natural disasters and humanitarian crises that needed quick response and significant resources and that involved difficult logistics requirements. There are an increased number of countries in political transitions and special situations, requiring concurrent and complex operational activities in multiple spheres: humanitarian assistance; human rights; peacekeeping; and development. There are the pending imperatives to accelerate progress on the Millennium Development Goals and to address anew the global challenges that threaten peoples' lives and the sustainability of the planet.

9. At the same time, there are trends that are potentially beneficial for development cooperation. Developing countries are more vigorous in aligning aid with national development plans and strategies, with greater involvement of stakeholders. They also have deeper and stronger economic cooperation with each other. They have sustained recent world economic growth. There is progress in poverty reduction in all developing regions. Several developing countries have shifted from being recipients to also being providers of development assistance. A geoeconomic realignment is taking place.

10. There are also many new actors, individuals and institutions from civil society, the media and the private sector in both developing and developed countries. New technologies and knowledge are enabling a host of innovative developmental interventions and fresh solutions to long-standing problems. These trends, effectively harnessed, can enhance the capacity of the United Nations development system.

11. Despite these encouraging trends, there are also increased inequalities and a pervading sense of injustice across regions and within countries. As recent events testify, social unrest can derail economic progress. Governments need to accelerate progress on the Millennium Development Goals. As part of those efforts, the United Nations needs to support national policy dialogue and to provide support for institutional capacity development for governance, policy, management and implementation across the full range of development issues.

12. Development cooperation is more than a transfer of funds and technical assistance. The United Nations has legitimacy and the mandate to focus on development, human rights and security. The United Nations stands for certain values and principles, as enshrined in its Charter. The broad mandate on development that

[6] These include a four-module course on the quadrennial comprehensive policy review in partnership with UNITAR and two seminars in cooperation with the Office of the President of the General Assembly and the Friedrich Ebert Stiftung Foundation. A high-level retreat was held on 8 and 9 June.

has emanated from United Nations conferences and summits involves cross-sectoral and inter-agency responses as well as the linkage of operational and normative aspects of the Organization. The work includes operationalizing global development norms and frameworks.

13. The role of the United Nations and its relevance and effectiveness are put to the test of global public opinion on a daily basis. When crises erupt, it is our duty to respond. This involves effective operations, strategic linkage of issues and leverage of competencies, capacity development and policy advocacy. The United Nations must rise to external requirements for legitimacy, thought leadership, coherence in actions, flexibility, speed, accountability and results.

14. The global context, therefore, poses a variety of challenges and opportunities for development cooperation. The United Nations development system is challenged to meet the growing demands for more varied assistance and is faced with higher expectations for results, often without adequate resources. The United Nations has to do more, quicker and better, with less. To achieve this, the Organization has to work in partnership with others, all of whom have to work as one. There is a need to innovate modalities to engage new actors.

15. The United Nations development system has a legacy of adapting to change. It has evolved from a few loosely coordinated entities in 1949 to more than three dozen committed to acting as one; the system has pioneered fundamental concepts of development assistance, such as country programming and capacity-building, and introduced target-driven development assistance, leading to a doubling of official development assistance (ODA) in the past decade. The Member States and entities of the United Nations will need to rediscover this spirit of adapting to change.

16. The reforms initiated in 1997, including the establishment of the United Nations Development Group, have over the years taken us a long way down the road of coherence. We have seen some tangible results through the system-wide coherence process, including "Delivering as one". We no longer think in terms of agencies working in isolation as in the past. At the same time, we need a fresh approach where coherence is found through issue-based alliances and coalitions and in which United Nations agencies, singly or in groups, fully exploit their potential. We need to help countries build on the United Nations normative agenda and the Organization's policy knowledge and advice, including by involving non-resident agencies.

17. Far-reaching change will require reform in a number of areas, supported by strong commitment from Member States. There is a limit to what can be achieved with the present instruments at our disposal, given the separate lines of accountability, funding and governance. These matters are complex but warrant consideration both at the United Nations Conference on Sustainable Development and in the preparatory discussions on the post-2015 development goals.

18. The 2012 quadrennial review is an opportunity to initiate a forward-looking deliberation of the funding, functioning and effectiveness of the United Nations operational activities for development.

II. The changing development landscape: what does it mean for the United Nations system?

19. In his five-year action agenda, the Secretary-General stated the following: the currents of change were transforming human and physical geography; demographic transformation, the emergence of new centres of economic dynamism, accelerating inequality within and across nations, challenges to the existing social contract by a disillusioned, mobilized citizenry, technological and organizational transformation that is linking people directly as never before, and climate change were all placing the foundations of the world and the global system under unprecedented stress and were driving not just incremental, but exponential change.

20. The development landscape is changing, and so too should development cooperation. Four features are particularly relevant for development cooperation: (a) the emergence of new centres of economic dynamism vindicates the development effort; (b) the intensification of global challenges calls for scaling up as well as leveraging of development assistance around common goals and agreed actions; (c) the transforming relationship among States, markets and individuals suggests different ways to deliver assistance; and (d) the growth of new institutional actors strengthens the ranks of development partners. These changes, discussed below, are potentially beneficial for the functioning and effectiveness of the United Nations development system.

Emergence of new centres of economic dynamism

21. A transformation has occurred in the global economy with respect to sources of growth. While during the period 1991-1995, some 75 per cent of cumulative growth was contributed by high-income countries, some 90 per cent of such growth was attributable to middle-income countries between 2006 and 2010. The development experience of many middle-income countries has shaped their perspectives on the relationships between aid, trade, public sector investment and private sector flows, among other factors.

22. The implications for development cooperation are several. There is the need to allow greater policy autonomy in developing countries in defining and implementing policies that affect social and economic development. There are also gains to be realized from greater sharing of development experience among countries. The role and nature of ODA is changing. In 1990, 95 per cent of the poorest in the world lived in low-income countries. Today, however, the largest absolute number of the poor live in middle-income countries, amounting to approximately 75 per cent of the world's most poor. The reality of absolute poverty in middle-income countries suggests a continuing role for development cooperation, with emphasis on targeted programmes and the United Nations higher end deliverables, such as policy advice and support to national policy dialogue.

23. Nevertheless, there is a group of least developed countries which will continue to be heavily aid dependent and for which ODA from all sources remains of vital importance. For them, and the increasing number of countries in crisis and transition situations, the United Nations operational activities for development are essential.

Intensification of global challenges

24. The United Nations development system has a leadership role in fostering collective responses to emerging global challenges. The articulation of the Millennium Development Goals and other internationally agreed development goals have effectively created a global framework within which to pursue national objectives and international development cooperation.

25. The Millennium Development Goal agenda has helped to galvanize development efforts and focus action by the United Nations system. Important progress has been made in most countries, but trends are uneven across countries and regions and among social groups, as well as across specific Goals. However, the experience gained over the past 12 years can be applied to accelerate progress on the Millennium Development Goals. The United Nations system has a key role in promoting knowledge-sharing of high-impact interventions to achieve the Goals, including through leveraging United Nations operational activities for development with normative, standard-setting and fact-finding work. The role of the Organization can be further enhanced by new understanding on how to address divergences in progress towards the Millennium Development Goals in the post-2015 period.

26. The past two decades have seen the intensification of global challenges which require collective action often based on some degree of national responsibility. These include: sustainable development; the rising inequality within and among countries; and the increasing number of countries in crisis and transition situations. These illustrate the changing demands on the United Nations development system.

Sustainable development

27. In the survey of programme countries conducted in preparation for the present report, almost all governments ranked sustainable development as the highest priority of the United Nations development system in the next four years. The Secretary-General has also made sustainable development a priority for his action agenda for the next five years.

28. Responding effectively to the challenge of sustainable development will require much greater clarity and specificity regarding the role of United Nations operational activities for development. A presumption that sustainable development has an impact on everything and that, therefore, all agencies should be involved in the work could lead to a fragmented and ultimately inadequate response. Strategic choices will have to be made. The issue of institutional fragmentation will have to be addressed. A much tighter fit between the normative and operational arms of the United Nations system may also be needed. The manner in which Member States approach the sustainable development challenge will have a major impact on the future direction of United Nations operational activities for development. This framework, if adopted strategically, could go a long way in integrating the work of the United Nations system.

Rising inequalities within and among countries

29. With few exceptions, income inequalities within countries have increased since the early 1980s. Both developed and developing countries are confronted with rapidly increasing income inequality and rising unemployment. In many countries, inequalities in access to land and productive assets as well as in social outcomes and

service access remain widespread. Gender inequalities persist. Inequalities among countries are also widening and increasing. High levels of inequality impede sustained development. Redressing such trends will require a rethinking of development programmes. Agency experience and independent evaluations indicate the value of addressing the problem of inequalities through cross-sector and inter-agency responses, which United Nations operational activities for development are well suited to coordinate and provide.

30. There is also benefit in a stronger and more coherent linkage of the operational and normative work of the United Nations. A recent manifestation of this linkage has been the establishment of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). Member States explicitly endowed the entity with normative and operational mandates (see General Assembly resolution 64/289, paras. 49-50).

Countries in crisis and transition situations

31. One fifth of humanity lives in countries that are experiencing violence, political conflict, insecurity and societal fragility. Conflict-affected countries are home to 60 per cent of the undernourished, 61 per cent of the poor, 77 per cent of children not attending primary school, 65 per cent of people without access to safe water and 70 per cent of infant deaths.[7] The global challenges of security and poverty are increasingly concentrated in conflict-affected States, few of which will meet a single Millennium Development Goal by the year 2015.

32. The United Nations currently commits a high level of resources to countries in crisis and transition situations; yet, financial allocations are often heavily concentrated in a limited number of countries for unpredictable periods of time. The traditional boundaries between development, humanitarian assistance, human rights, military and political work become interwoven and intermingled in highly complex ways. The need to break down the silos within which agencies work has important implications for every aspect of field operations, including: the definition of functions; funding; staffing; and, ultimately, the overarching governance arrangements.

33. At the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in December 2011, some 40 countries and international organizations reached an agreement on a New Deal for Engagement with Fragile States. It recognizes that effective peacebuilding and State-building will require constructive State-society relations and the empowerment of women, youth and marginalized groups. This initiative, while not a United Nations process, can contribute to enhancing the overall coherence and effectiveness of the Organization's response.

Changing relationship of States to markets and individuals

34. Development cooperation is no longer the exclusive domain of nation States. There is an ongoing redistribution of power between the State, on the one hand, and markets, individuals and civil society on the other. Across many of the global issues that the United Nations confronts, the undertaking can no longer be understood and

[7] See "Realizing the future we want for all", report to the Secretary-General, United Nations System Task Team to support the preparation of the post-2015 United Nations development agenda.

tackled as exclusively or, in many cases even primarily, as a matter for intergovernmental action. Engagement and action are required from a range of other actors: the private sector; civil society; and research and academic communities. This puts a premium on more dynamic and multi-stakeholder frameworks for development cooperation. A number of United Nations entities are innovating ways to integrate stakeholders into decision-making processes and other activities. Their experience may offer clues on how United Nations governance functions and structures could be better aligned to benefit from those new relationships among States, markets and individuals.

New institutional actors

35. The past decade has seen the emergence of a broad range of new institutional actors. These include new multilateral forums, for example, the Group of 20 and its recent rise to the summit level. There has been a rapid growth of regional bodies and regional alliances. Those bodies, such as the European Union, the Asia-Pacific Economic Cooperation and the African Union have all become significant actors in a wide range of countries. The United Nations is now frequently consulting or partnering with those organizations; for example, the African Union has become a regular partner of the United Nations in peacekeeping operations. Such partnerships potentially enhance the competencies and extend the reach of the United Nations development system.

36. There has also been a proliferation of increasingly influential foundations. In the past several decades, the number of foundations has tripled. A number of them not only carry significant financial weight, but also have developed major convening power. A large number of dynamic networks have also emerged in the past few years in areas such as food security, energy for all and the Every Woman Every Child movement. Networks have transformed the practice of partnership and are beginning to change the meaning of presence.

Repositioning United Nations development activities

37. The changing development landscape, as exemplified above, presents opportunities for enhancing the functioning of the United Nations development system and the effectiveness and impact of its operational activities. This in turn requires a strategic repositioning of United Nations operational activities for development to ensure that they are relevant, coherent and fully aligned with the dynamics in the broader development cooperation environment. The 2012 quadrennial comprehensive policy review can set the stage for a broader reflection of the Organization's operational activities for development.

38. Adapting to change is a complex process requiring a shared vision for the future role of the United Nations development system in the rapidly evolving global development cooperation environment. Such a change process would consider at least six different dimensions, namely: (a) alignment of functions; (b) alignment of funding practices; (c) alignment of the capacity of the United Nations development system; (d) partnership approaches; (e) organizational arrangements; and (f) governance arrangements. These dimensions are briefly elaborated below. While some of these issues are directly addressed in quadrennial comprehensive policy review resolution 62/208, others will require high-level processes to break new ground. Governance is one such area on which the quadrennial review could trigger a process of reflection.

(a) Functions

39. There is a need for developing an overarching strategy for system-wide repositioning of United Nations funds, programmes and agencies in order to align their functioning with current realities and emerging challenges. To support this overarching process of alignment, every fund, programme and agency would need to put in place a focused process to define and strengthen its core competencies, including normative, standard-setting and statistical functions, with a view to becoming more effective in the provision of upstream policy advice as well as operational work. Strategic repositioning will also involve building on the strengths of individual entities, while at the same time reducing fragmentation and incoherence.

(b) Funding

40. Any serious change effort will require a thorough review of the funding system for operational activities for development, including the incentives it provides to United Nations entities. Further strengthening of the normative, standard-setting and statistical competencies and the programmatic work of funds, programmes and agencies would require a special recognition at the level of the executive boards and governing bodies of the need to attain a viable balance between unearmarked core and earmarked non-core funding, while recognizing the critical role of core resources. The rebalancing should occur in the context of an overall increase in the level of funding. Core resources provide the highest quality and flexibility of the pooled funding that is essential for the development of national capacities and which is generally a long-term process. Also of importance is that core resources help to ensure the system's independence, neutrality, impartiality and role as a trusted partner.

41. A successful change process would further require more comprehensive adjustments of resource flows to the United Nations development system. Such adjustments would need to include a rigorous delineation of the functions of individual entities, the rebalancing of core and non-core funding, increased predictability, and more equitable burden-sharing among donor countries.

(c) Capacity

42. Capacity-building of staff should be seen within the broader context of the need for strategic reprioritization within the United Nations development system, as well as the growing capacity of government institutions in programme countries. This process should also be influenced by strong recognition that the government is the policy owner and driver of national development, while the United Nations system can play an important role in supporting the implementation of global norms and standards.

43. Staff capacity assessments undertaken in several programme countries show growing demand from programme country governments for specialized policy advisory support from the United Nations system to deal with emerging global challenges.[8]

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[8] Such capacity assessments have been undertaken in "Delivering as one" countries as well as in Malawi and Papua New Guinea.

44. Entities working in the same sectors, or in the same programme countries, should be encouraged to develop flexible arrangements for pooling staff and to establish common partnership strategies for acquiring human resources with the necessary expertise for both long- and short-term assignments. This will require further simplification and harmonization of human resources policies and procedures across the United Nations system. Priority consideration should also be given to the consolidation of existing learning resources into common United Nations learning platforms that are cost efficient.

(d) Partnerships

45. The United Nations system needs to find innovative ways of developing and institutionalizing new partnerships with the private sector, civil society and regional organizations. The strong growth in the number of private sector and civil society actors engaged in international development cooperation will require the Organization to become more adept in leveraging its convening power. In the normative and upstream areas of its endeavours in particular, the United Nations system will need to establish and strengthen networks with the scientific and research community. It is critical for the funds, programmes and agencies to maintain flexibility and the ability to raise resources from a variety of sources that include governments, foundations and the private sector. The creation of the United Nations Partnership Facility, recently announced by the Secretary-General, should be seen as part of this repositioning strategy. The creation of financial incentives to promote partnerships at the entity and system levels should be actively explored.

(e) Organizational arrangements

46. Strategic repositioning will require strong emphasis on complementarities, thus eliminating overlapping functions in the United Nations development system through the strategic use of inter-agency task forces and other relevant options, such as deeper integration. The system also needs to develop more flexible organizational forms for deploying a critical mass of expertise and resources to priority issues. This requires restructuring of internal incentive systems to ensure that the establishment of networks and partnerships is given higher priority in the work of the system. It also requires further strengthening of capacity for strategic planning, policy evaluation and development finance at the Secretariat level, including maintaining an overview of core competencies of the United Nations development system.

(f) Governance

47. The current governance system of the United Nations operational activities for development has three major challenges to address. First, decision-making on operational activities runs through vertical lines. Such arrangements render integration and coherence in programme delivery difficult, if not impossible. These vertical structures are also inimical to the integrationist agenda of sustainable development. Second, the governance arrangements are not reflective of the current realities of the increasing importance of new actors and groups of countries. Consideration should also be given to how the growing need for partnerships could be incorporated into the governance structures of the funds, programmes and agencies. Third, there is a growing implementation gap between decisions adopted at the global level and actions taken on the ground. There is a widely acknowledged need that the United Nations development system has to develop mechanisms that

ensure effective accountability and monitoring to ensure that decisions are implemented in both the letter and spirit.

48. An important starting point would be to clearly define functions of the governance system of United Nations operational activities for development. The current discussions on strengthening the institutional framework for sustainable development in the context of Rio+20 and preparing for a post-2015 United Nations development agenda could form an important opportunity in this regard.

In conclusion

49. In today's changing world, strategic repositioning poses a major challenge for the United Nations development system. The system will be measured by its ability to leverage its unique assets in a world where the role of ODA and the broader environment for development cooperation are rapidly evolving.

50. The questions that require thorough examination are: when is leverage maximized by the system working as a system and when by individual agencies acting individually, and when do specific configurations need to be tailored to the specific issue at hand. It is improbable that there is a one-size-fits-all prescription for maximizing leverage.

51. What is required at the system level is the ability to identify the priority challenges that need to be addressed, to align behind those challenges and to respond flexibly in order to maximize leverage. This is a matter of both strategic repositioning and further strengthening system-wide coherence. Such a process will require a system-wide strategic capacity to prioritize, make choices, organize critical mass and build effective networks within and around structures.

52. The present report suggests that this process of renewal of the United Nations development system could be pursued at two levels:

(a) By establishing a high-level change process at the central level to focus on the issue of long-term strategic repositioning of the United Nations development system in the new development cooperation landscape. The change process could be expected to focus on, among others, the six dimensions discussed above: (i) functions; (ii) funding; (iii) capacity; (iv) partnerships; (v) organizational arrangements; and (vi governance;

(b) By initiating a process to create the necessary conditions to make strategic repositioning of the United Nations development system possible. This process would particularly focus on strengthening coordination within the United Nations development system, that is, the Resident Coordinator system, the United Nations Development Assistance Framework and common administrative services, and introducing improvements to the funding architecture of operational activities for development.

The analysis provided in the present report in section III on funding and in section IV on the functioning of the United Nations development system should therefore be seen in this context.

III. Funding of operational activities for development*

53. In paragraph 18 of its resolution 62/208, the General Assembly stressed that core resources, because of their untied nature, continue to be the bedrock of the operational activities for development of the United Nations system, and in that regard noted with concern that the share of core contributions to United Nations funds and programmes had declined in recent years, and recognized the need for organizations to address, on a continuous basis, the imbalance between core and non-core resources.

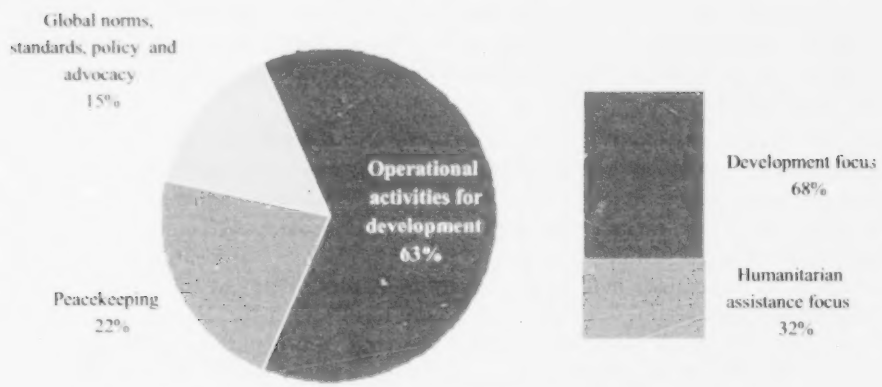
54. In its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system, to: further proposals to ensure adequate, predictable and stable funding for United Nations operational activities for development (para. 14 (e)); reporting on discussions held by the governing bodies of United Nations funds and programmes on attaining critical mass of core resources (para. 14 (f)); and agency reviews of the current policies regarding recovery of support costs for non-core funding, including information as to whether core resources have subsidized non-core funding (para. 14 (g)).

55. United Nations operational activities for development in 2010 accounted for about 63 per cent ($22.9 billion) of all United Nations system-wide activities ($36.1 billion) covering activities with a focus on both longer-term development (68 per cent) and shorter-term humanitarian assistance (32 per cent). Peacekeeping operations accounted for 22 per cent ($7.4 billion). The global norm and standard setting, policy and advocacy functions of the United Nations system accounted for the remaining 15 per cent ($5.3 billion) (see figure I).[9]

* The present section draws on information contained in the report of the Secretary-General on the analysis of funding of operational activities for development of the United Nations system for the year 2010 (A/67/94-E/2012/80) and highlights issues and trends that are of significance since the adoption of General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system.

[9] For present purposes, and pending the introduction of a harmonized sector classification system for United Nations operational activities for development, all activities of UNHCR, UNRWA and the Office for the Coordination of Humanitarian Affairs, the emergency operations of UNICEF (some 24 per cent of total activities), and the humanitarian operations of WFP (some 90 per cent of total activities) are considered to be related to humanitarian assistance. All other activities are considered to be development related.

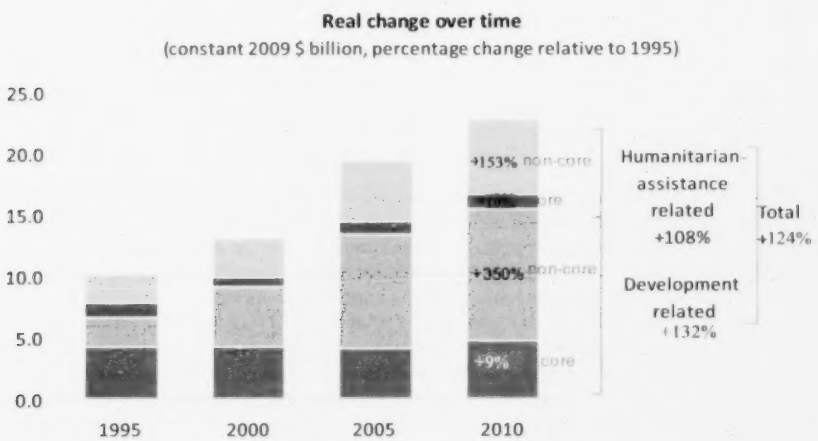
Figure I
United Nations system-wide activities — 2010
$36.1 billion


Global norms, standards, policy and advocacy 15%
Operational activities for development 63%
Peacekeeping 22%
Development focus 68%
Humanitarian assistance focus 32%

Long-term funding trends for United Nations operational activities for development have been favourable

56. The overall funding of United Nations operational activities for development has more than doubled in real terms in the period 1995-2010, as shown in figure II. The growth has been particularly strong for development-related non-core contributions. In 2010 and in real terms, those development-related non-core contributions reached a level of more than four and one half times that in 1995, corresponding to an average annual growth rate of 10.5 per cent. This very strong growth in non-core resources stands in stark contrast to the modest average annual real growth of 0.6 per cent in core resources.

Figure II
United Nations operational activities for development 1995-2010



57. Contributions to United Nations operational activities for development (excluding local resources) between 1995 and 2005 also grew faster in real terms than both total ODA and core multilateral ODA. However, since 2005, total funding for United Nations operational activities for development has grown for the first time at a slightly lower annual pace than total ODA flows as reported by OECD/DAC. Between 2007 and 2010, total funding for operational activities for development of the United Nations development system grew by 15 per cent cumulatively in real terms, with the core and non-core components increasing by 2 and 21 per cent, respectively, also in real terms.

Core/non-core imbalance has been growing

58. Between 2007 and 2010, the imbalance between core and non-core funding for operational activities for development further increased, with the core share declining from 29 to 26 per cent. In the case of development-related activities only, total funding increased by 8 per cent in real terms between 2007 and 2010, while the core and non-core components grew by -3 and 13 per cent, respectively, also in real terms. As a result, the core share of total development-related funding decreased from 33 per cent in 2007 to 30 per cent in 2010. The core ratio of contributions from OECD/DAC governments for development-related activities of the United Nations development system also declined from 47 per cent in 2007 to 43 per cent in 2010.

Box 1
Selected milestones in funding of operational activities for development since 2007

- Common budgetary framework introduced
- United Nations Development Group guidance on establishment, management and closing of multi-donor trust funds
- One Funds established (now in 20 programme countries)
- Millennium Development Goal Achievement Fund established (supported 50 programme countries)
- Expanded "Delivering as one" Funding Window for Achievement of the MDGs established (supported 19 programme countries)
- Agreement with European Union on engagement in multi-donor trust funds

59. According to preliminary data for 2011, core contributions to the United Nations development system from OECD/DAC countries declined by some 9.0 per cent in real terms compared with 2010. This projected decline in core resources in 2011 follows the decline of 2.6 per cent in real terms experienced in 2010, all of which then concerned humanitarian assistance-related activities. This decline must be seen against the background of a decline of 2.7 per cent in overall ODA provided by OECD/DAC countries in 2011. According to OECD/DAC, this decrease reflects fiscal constraints in several DAC countries which have affected their ODA budgets. The decline in core contributions to the United Nations development system is in

even starker contrast with overall multilateral aid provided by OECD/DAC countries. This component in fact increased in 2011 by 1.2 per cent compared with 2010.

60. Estimates of non-core funding in 2011 were not yet available at the time of preparation of the present report. The Department of Economic and Social Affairs plans to issue a funding update in June 2012 prior to the substantive session of the Economic and Social Council, including with regard to non-core contributions.

Discussions on "critical mass" of core resources have not yet been initiated at the level of the executive boards of the funds and programmes

61. In this connection, it should be mentioned that in its resolution 64/289 on system-wide coherence, the General Assembly invited the executive boards of the funds and programmes to initiate further discussion with a view to exploring the most appropriate definition of, and a process towards arriving at, a critical mass of core funding for each fund and programme, according to their individual mandates. It specified that the concept of critical mass may include the level of resources adequate to respond to the needs of the programme countries and to produce the results expected in strategic plans, including administrative, management and programme costs.

62. At the time of finalizing the present report, no executive board of the funds and programmes had yet taken up for further consideration the issue of critical mass of core resources. A preliminary dialogue on this issue took place during the operational activities segment of the Economic and Social Council in 2011.

63. In his report on the analysis of funding of operational activities for development of the United Nations system for the year 2010 (A/67/94-E/2012/80), the Secretary-General further explores the issue of critical mass of core resources, including the potential of alternative models of funding, such as "voluntary indicative scale of contributions" and a "negotiated pledge" modality, to address the current imbalance in core and non-core resource flows.

Non-core funding remains fragmented

64. A review of the main non-core funding modalities for United Nations development-related operational activities shows that in 2010, some 89 per cent of non-core funding (including local resources) was single-donor and programme- and project-specific. Contributions to pooled funding arrangements, such as multi-partner trust funds, including thematic funds of entities and One United Nations funds, accounted for the remaining 11 per cent, with a modest increase of 3 per cent compared with 2007. Pooled funding, therefore, continues to account for a small share of total non-core resource flows. The dominance of single-donor and programme- and project-specific contributions reflects the high degree of fragmentation of non-core funding, with consequent implications for increasing transaction costs.

65. As noted in past reviews, the growth in fragmented non-core funding means a corresponding increase in transaction costs for United Nations entities. Negotiating individual funding agreements, tracking and reporting programming and financial data for hundreds, or even thousands, of individual projects, and reporting according to widely varying sets of requirements, for example, all add significant costs that fall outside of the Organization's basic operating systems. As a result, entities

manage both large and small supplementary contributions in time frames inconsistent with their basic managerial processes.

66. The exponential growth in single-donor and programme- and project-specific contributions, in particular, has also resulted in an ever larger share of resources that are being channelled through the United Nations system but that are not subject to direct programmatic control by governing bodies of United Nations entities.

Core resources subsidize non-core resources

67. Analyses of the sources, modalities and destination of funding for United Nations operational activities for development show that core resources subsidize the support to and management of non-core financed activities, despite the repeated calls by the General Assembly to avoid such subsidization. The extent to which the current subsidization by core resources is counter to legislation adopted by governing bodies is open to interpretation. There exists legislative ambiguity about which costs are in fact expected to be fully recovered, i.e. full costs or incremental costs.[10] A principle of full cost recovery would be based on the pragmatic premise that all activities, regardless of the source of financing, equally benefit from the totality of substantive and operational capacities of entities. Applying the principle of such full cost recovery without further differentiation would require a non-core cost-recovery rate, which is significantly higher than the current rate.[11] The outcome between 2007 and 2010 of a United Nations Development Group/High-level Committee on Management working group on further harmonization and rationalization of practices and cost classifications related to costs and cost recovery was not conclusive. The United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA) are currently undertaking another joint cost-recovery harmonization exercise as part of the development of an integrated budget framework by 2014. This exercise can provide an impetus in this regard.

68. It could also be explored in the context of a broader discussion on funding flows to the United Nations development system whether a formula could be devised which could create incentives for donor countries to increase core contributions by offering differentiated cost-recovery rates for non-core resources.

Country groupings and profiles

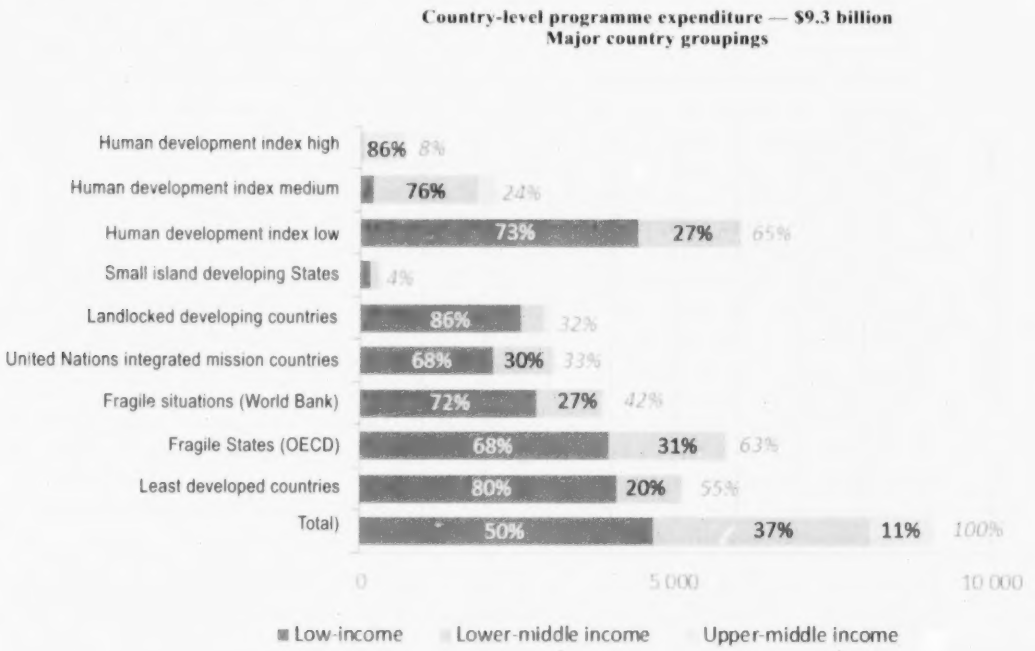
69. Figure III provides an overview of how country-level programme expenditures in 2010 were distributed among the different country groupings, by different income levels. Low-income countries accounted for some 50 per cent and middle-income countries for some 48 per cent of total expenditures. Least developed countries accounted for some 55 per cent of total expenditure, 80 per cent of which were in low-income least developed countries and 20 per cent in lower-middle income least

[10] Fixed costs are incurred regardless of the level of non-core financed activities; in addition, common support and management of non-core financed activities ensures oversight and coherence of those activities in line with approved guidelines and strategic plans of governing bodies.

[11] Applying the principle of full cost recovery without further differentiation would require a recovery rate in the order of 15 per cent. Applying such a rate across the board would result in a release of some $556 million in core resources for programme activities, or the equivalent to some 23 per cent of the current level of core programme activities (see A/67/94-E/2012/80, table 9).

developed countries. Countries with a low-human development index accounted for some 65 per cent of expenditures, 73 per cent of which were in low-income and 27 per cent were in lower-middle income countries. Some 33 per cent of total development-related expenditures relate to the so-called integrated mission countries/areas in which United Nations peace operations and development activities are pursued in an integrated manner.

Figure III
Development-related operational activities



70. Since 2005, a number of programme countries have moved from the low-income to the middle-income group. In his report on analysis of funding of operational activities for development of the United Nations system for the year 2010 (A/67/94-E/2012/80), the Secretary-General provides further information on how this has affected the distribution of expenditures among programme countries.

Burden-sharing

71. A review of development-related core contributions by individual OECD/DAC countries relative to their gross national income (GNI) and expressed by the corresponding core development-related funding (DEV)/GNI ratio confirms that burden-sharing remains uneven. The 11 countries that show a core DEV/GNI ratio in excess of the median ratio (group A) together contributed $1.8 billion, or 46 per cent, of total OECD/DAC core contributions while their share of total OECD/DAC GNI was 13 per cent. The 11 countries that show a core DEV/GNI ratio below the median ratio (group B) also contributed some 47 per cent of total OECD/DAC core

contributions while their share of total OECD/DAC GNI was 81 per cent.[12] There was no significant development in this regard during the 2007-2010 period. This uneven burden-sharing has added importance in view of the fact that core resources subsidize the support to and management of activities financed from non-core resources.

Predictability

72. Elements of predictability, reliability and stability of funding can be reviewed by examining actual fluctuations in contributions and the impact thereof on the availability of total resources over time. Analyses thus undertaken cover the six-year period 2005-2010 for those entities that together account for more than 80 per cent of total resources for development-related activities. With the exception of two, all entities experienced growth in funding flows during the six-year period. A more detailed review of each organization has revealed however that the actual volatility in individual donor contributions is much more pronounced than the relatively smooth and stable aggregate patterns would suggest. Fluctuations in individual non-core contributions are even more prominent than in the case of core resources. This higher degree of volatility reflects the fact that some 80 per cent of non-core funding (excluding local resources) remains single-donor and programme- or project-specific. However, in accordance with the relevant financial rules and regulations, non-core funding relating to multi-year programmes or projects is required to be secured in advance in the form of formal funding agreements, even though actual cash payments can generally be made in instalments. This in fact adds some degree of predictability and stability at the level of the specific programme or project once the non-core funding agreements have been concluded.

73. Despite generally positive aggregate growth, organizations continue therefore to face challenges of predictability, reliability and stability of funding by individual contributors. Such changes in donor contributions can be quite significant, including as a result of volatility in exchange rates. However, the combined effect of the fluctuations on the overall availability of resources has not been negative. It seems obvious, however, that such relative stability, during a period of general growth, is more the result of coincidence than of a well-functioning funding system that has built-in mechanisms to address the challenges that are intrinsic to a heavy dependency on annual voluntary contributions.

74. In conclusion, this section has shown that long-term funding trends for United Nations operational activities for development have been favourable, but this growth has been almost exclusively in the form of non-core resources that are predominantly single-donor, programme- and project-specific, leading to growing fragmentation of operational activities for development. Several policy objectives as reflected in General Assembly resolutions 62/208 on the triennial comprehensive policy review and 64/289 on system-wide coherence have not yet been achieved, including increasing the share of core funding of total resources flows to the United Nations development system. Moreover, core resources continue to subsidize the programme support and management costs of non-core funding. Also, little progress has been made in launching discussions at the level of the Executive Boards of the funds and programmes on the issue of "critical mass" of core resources; burden-sharing of core funding among DAC donors remains highly uneven; and the predictability of overall resources has not improved since the adoption of resolution 62/208 in 2007.

[12] Remaining 7 per cent of contributions and 6 per cent of total GNI on account of country with median ratio.

IV. Enhancing the functioning of the United Nations development system

75. System-wide coherence is about responding to country needs and priorities — and the internationally agreed development goals — in a more efficient manner. It is about ensuring that the United Nations system as a whole contributes more effectively to development than the sum of its individual parts. It entails drawing on the capacities of all organizations and exploring and capitalizing on opportunities for synergies and mutually reinforcing complementarities in the work of United Nations entities, with a view to achieving greater development effectiveness. In the past 60 years, Member States have consistently pointed to this challenge and attempted to address it.

76. The United Nations system was built around independent specialized agencies, whose relationship with the Organization was established by a set of formal agreements. Over the years, many new entities were created, each with a distinct, semi-independent identity and not fitting any preconceived model.

77. The mid-1990s marked a step change in the approach to promoting system-wide coherence. Furthering programmatic cooperation became the centrepiece of a 1997 reorganization, which led, among other initiatives, to the creation of the United Nations Development Group;[13] the strengthening of the Resident Coordinator system, including the United Nations country team; and the introduction of the common country assessment and the United Nations Development Assistance Framework, as key instruments for joint programming and development analysis at the country level.

78. In follow-up to the 2005 World Summit Outcome, the "Delivering as one" concept and pilot initiative was launched (see report of the High-level Panel on United Nations System-wide Coherence (A/61/583)). Pilot countries and countries having voluntarily adopted the "Delivering as one" approach (some 30 to date) have exchanged lessons learned at a series of intergovernmental conferences held since 2007 in Maputo, Kigali, Hanoi, Montevideo and, soon, Tirana. Such an exchange was encouraged in the triennial comprehensive policy review (A/62/73-E/2007/52).

79. In 2007, the General Assembly decided to initiate intergovernmental consultations on system-wide coherence of operational activities for development of the United Nations system. This process culminated in the adoption of resolution 64/289 on system-wide coherence in July 2010, which led, among other initiatives, to the establishment of UN-Women through the consolidation of the normative and operational mandates of four gender-related entities.

80. In a recent survey conducted for the present report, more than 70 per cent of Resident Coordinators and United Nations country team members agreed that the United Nations system is more coherent today than it was four years ago, albeit to varying degrees. Similarly, close to 85 per cent of programme country governments indicated that the United Nations development system had become more relevant to their countries' needs over the past four years.

[13] The United Nations Development Group is one of the three pillars of the United Nations System Chief Executives Board for Coordination. The other two pillars are the High-level Committee on Programmes and the High-level Committee on Management.

81. While the United Nations development system has made progress in enhancing internal coherence since the last comprehensive policy review of the General Assembly in 2007, the lessons learned from the independent evaluation of the "Delivering as one" pilots need to be absorbed and internalized so that higher levels of performance can be attained. In this connection, the Secretary-General, in his Five-Year Action Agenda, announced his intention to launch a second generation of "Delivering as one" with the focus on managing for results, ensuring increased accountability and improved outcomes.

82. As underscored in the triennial comprehensive policy review, the primary responsibility for coordinating all types of external assistance, including United Nations support, lies with national authorities. The United Nations system has the duty to make its support as coherent, effective and efficient as possible. The promotion and realization of system-wide coherence depends greatly on the functioning of three key coordination processes: the Resident Coordinator system (including its regional and headquarters dimensions), the United Nations Development Assistance Framework and common administrative services at the country level. These processes are reviewed below, along with the cost of coordination within the United Nations development system. In addition, the issue of system-wide coherence is further explored in the context of the work of the United Nations system in transition countries.

A. United Nations Resident Coordinator system

83. In paragraph 14 (d) of its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to an assessment of the functioning of the Resident Coordinator system, including its ability to represent and support the entire United Nations system at the country level, in alignment with national development priorities, and, if needed, recommendations for measures in that regard.

84. The Resident Coordinator system has increasingly become recognized as a key driver of system-wide coherence of operational activities for development.[14] The Resident Coordinator, supported by a coordination office, is expected to play a central role in making possible coordination of United Nations operational activities (as stated in the triennial comprehensive policy review). He or she has to lead in exploring and capitalizing on opportunities for programmatic and operational synergy in the work of the United Nations system at the country level. This implies that he/she should be attentive to promote the full range of services and expertise available across the United Nations system including non-resident agencies.[15] The Resident Coordinator also contributes to resource mobilization for the United Nations

[14] There are currently 130 United Nations Resident Coordinators, who are also UNDP Resident Representatives; 93 Designated Officials for security; 32 Resident Coordinators/Humanitarian Coordinators; 11 Deputy Special Representatives of the Secretary-General/Resident Coordinators/Humanitarian Coordinators; 3 Deputy Special Representatives of the Secretary-General/Resident Coordinators; 1 Executive Representative of the Secretary-General/Resident Coordinator; and 2 Designated Security Coordinators.

[15] To support the Resident Coordinator in this regard, a special non-resident agency support mechanism has been established under the management and accountability system.

Development Assistance Framework and coordinates the implementation, monitoring, evaluation and reporting on its results, notably to the government.

Box 2
Selected milestones in the United Nations Resident Coordinator system since 2007

- Functions of Resident Coordinators and guidance note on Resident Coordinator/United Nations country team relations adopted by the United Nations Development Group
- System for recruitment, selection and training of Resident Coordinators enhanced, including further strengthening of Resident Coordinator Assessment Centre
- Progress made in the implementation of the management and accountability system for the United Nations Development and Resident Coordinator System
- Number of female Resident Coordinators increased from 31 to 35 per cent

85. The Resident Coordinator is the designated representative of the Secretary-General. The Resident Coordinator also serves formally as the Resident Representative of UNDP, and as the Designated Official for security, Humanitarian Coordinator and Deputy Special Representative of the Secretary-General in 72, 25 and 10 per cent of programme countries, respectively.

86. The Resident Coordinator is usually designated as the Humanitarian Coordinator in countries in humanitarian crisis and as the Deputy Special Representative of the Secretary-General in integrated mission countries/areas. In certain locations, the Resident Coordinator also acts as the Director of the United Nations information centre. The Resident Coordinator system is multi-tiered, involving both governmental and intergovernmental oversight and coordination mechanisms at the headquarters, regional and country levels.

87. UNDP manages the Resident Coordinator system on behalf of the United Nations system, with guidance from all organizations, and is accountable to them through the United Nations Development Group. In this connection, the Development Group has adopted a management and accountability system for the United Nations Development and Resident Coordinator System.[16] The management and accountability system also includes a "functional firewall" within UNDP. The firewall is meant to prevent conflict of interest between the programmatic functions of UNDP, relating to the role of the Organization as a development partner, and the

[16] The management and accountability system is underpinned by the vision that the Resident Coordinator: is recognized and accredited to the Government; has an equal relationship with and responsibility to all member organizations of the United Nations country team; and supports the entire United Nations family and coordinates its partnership with the Government in meeting national development priorities. Key to this vision is that the Resident Coordinator is empowered by the clear recognition by each organization of the Resident Coordinator's role in strategically positioning the United Nations in a country, and that he or she is to be supported, as required, with access to the technical resources of the organizations.

coordinating functions that UNDP performs on behalf of, and in support of, the United Nations development system.

Coordination based on voluntary participation brings practical challenges, including accountability for system-wide performance

88. While the General Assembly is the highest intergovernmental mechanism for the formulation and appraisal of policy on matters relating to the economic, social and related fields, each of the constituent entities has some legal or practical degree of independence. The specialized agencies are independent in formal, legal terms. Many of the funds, programmes and other entities that report to the General Assembly and to the Secretary-General are semi-independent, owing to their separate governing bodies, which play an essential role in the funding of their activities. These structural arrangements mean that system-wide coordination and coherence of operational activities for development is based on the commitment and voluntary participation of the individual entities.

89. While the coherence of the United Nations development system has improved, accountability remains, first and foremost, to individual agencies and not to the United Nations system. While most entities are open to adjusting some measure of their entity-specific strategies in order to improve the overall performance of the United Nations development system and the governments it serves, they are constrained by responsibility to their respective governing bodies. The current vertical and fragmented funding system and the concomitant accountability requirements reinforce this constraint.

90. The independent evaluation of the "Delivering as one" pilot has also pointed out that an underlying challenge to the full realization of the United Nations system delivering as one is the predominance of agency-specific accountabilities of staff at the country, regional and headquarters levels. This increases the need for the Resident Coordinator to be a highly qualified leader with strong competencies to mobilize the United Nations country team around its collective results.

Coordination is highly dependent on the leadership skills of the Resident Coordinator and the capacity of his or her office

91. According to the survey of programme countries, and in the context of reducing the workload on national partners, a statistically significant number of governments (60 per cent) consider it very important to consolidate the United Nations country presence under a single head who is accountable for all support provided by United Nations entities. This suggests that a significant number of governments in programme countries would welcome a strengthened coordination role of the Resident Coordinator of the support provided by the United Nations system. This finding is not new, as several earlier reports focusing on reform of operational activities for development of the United Nations system have come to a similar conclusion (the most recent is the report of the High-level Panel on United Nations System-wide Coherence (A/61/583)).

92. The ability of the Resident Coordinator to lead at the country level is not based on formal authority, but, rather, on each entity's operating modalities as well as the guidelines established by the United Nations Development Group on the functioning of the Resident Coordinator system and the United Nations country team. A Resident Coordinator must therefore cope with the challenge of achieving overall coherence

in programming of operational activities for development in an environment where entity participation is voluntary, funding is not flexible and decision-making is consensus-driven. In this connection, feedback from the survey of Resident Coordinators and United Nations country team members indicates that the success of the Resident Coordinator system at the country level largely depends on the personal leadership skills of the incumbent, as well as the commitment of the individual field representatives of United Nations entities. This view was also expressed frequently during visits to programme countries as well as in interviews with many United Nations country team members in preparation for the present report. Several surveys conducted by United Nations Development Group/Development Operations Coordination Office under the auspices of a talent management initiative a few years ago also came to the same conclusion.

93. The findings of the above surveys point to a broad agreement that a stronger coordination role of the Resident Coordinator over all United Nations country team members would enhance system-wide coherence at the country level and reduce workload on national partners.

94. Almost all the country team members also agree that stronger, more consistent signals from agency headquarters to field representatives are critical for enhancing coherence at the country level. These findings suggest that there are divergent views within entities on the importance to be attached to system-wide coordination and coherence at the country level.

95. The concept of a more empowered Resident Coordinator is attractive to many programme country governments and development partners, since it is seen as a way to reduce transaction costs while enhancing coherence and national ownership of United Nations operational activities for development. At present, however, the Resident Coordinator has no line authority over country team members and no authority over how their resources are programmed, so that his or her leadership is not institutionalized.

96. More than half of the respondents to the Resident Coordinator and United Nations country team survey strongly agree that strengthening the capacity of the Resident Coordinators' offices would be an effective measure for enhancing country-level coherence. This was also supported by some 92 per cent of the Resident Coordinators. The recent United Nations Development Group management and accountability study also highlighted the critical role played by the office of the Resident Coordinator in supporting his or her leadership.

97. Compared with in-country capacity, the support provided from Headquarters and regional support structures is rated less important by field representatives. This finding corresponds with those of other studies as well as interviews with United Nations country team members conducted in preparation for the present report, which generally emphasize that adequate capacity of the Resident Coordinators' office is critical to the role he or she can play. This finding may be linked to the fact that regional and headquarters support are not perceived as strong enough to appear essential to the field level. A more robust support structure for Resident Coordinators' offices is therefore generally required, particularly in transition country settings and in complex political situations.

98. The areas where the capacity of Resident Coordinators' offices may need particular strengthening include monitoring and evaluation, results-based

management, statistical capacity and expertise in analysing the broader political economy issues at national, regional and subregional levels. Experts on cross-cutting issues, in cases where lead entities are not present, could also be placed in Resident Coordinators' offices depending on the needs of United Nations country teams.

Implementation of the Resident Coordinator system is differentiated

99. The Resident Coordinator system has generally been adapted to the practical considerations that arise in each programme country. Certain broader groupings have emerged, such as the "Delivering as one" model, and crisis and transition countries. Even within those groupings, however, the application of the key guidelines of the Resident Coordinator system can be quite different. The Joint Office model has been tested in only one country.[17] While the model has identified cost savings, several problems have been highlighted, primarily related to relevant support systems and agency difficulties in adjusting headquarters processes for a single office. The performance of the Joint Office needs to be evaluated and the potential of this model for application in countries with smaller programmes, properly analysed. Other arrangements to support coordination of the United Nations system, such as thematic clusters, are also felt to offer potential in this regard.

The general view of United Nations country team members is that the "firewall" could be further improved

100. There is a need for further strengthening the "firewall" between the institutional and system-wide functions of UNDP and the Resident Coordinator system. Several options have been suggested in this regard. The General Assembly has requested UNDP to recruit a larger number of Country Directors with responsibility, inter alia, for resource mobilization and programme management specific to UNDP.[18] Many Resident Coordinators believe, however, that it would be difficult to function without the considerable support provided by UNDP, which continues to be the backbone of the United Nations field structure. Alternative management approaches to the Resident Coordinator system would undoubtedly involve adjustment and funding challenges.

101. Despite advances in strengthening common ownership of the Resident Coordinator system in the "Delivering as one" pilot countries, assisted by the introduction of UNDP Country Directors, United Nations country team members expressed reservations about the functional "firewall", according to the independent evaluation.

102. The approval by the United Nations Development Group of the management and accountability system has provided expanded guidance on the functioning of the Resident Coordinator and the United Nations country team.[19] Recent changes to the Resident Coordinator's functions have also given limited additional authority to him

[17] A Joint Office has several agencies working under one United Nations Representative (for funds and programmes) who is also the Resident Coordinator, with one common programme, one programme budget and further shared support services. A unified, or "joint", office differs from a "United Nations House" or common premises in a fundamental way. A United Nations House has several agencies in the same building, each with its own Representative and its own support services.

[18] The number of UNDP Country Directors currently is 51.

[19] Approved in August 2008.

or her to set the strategic direction at the country level and to allocate available pooled funding when consensus cannot be achieved in the United Nations country team.

103. There are indications, however, that the new provisions established by the United Nations Development Group, and as reflected in the management and accountability system, have not yet been systematically implemented by all United Nations entities, including some field representatives in the United Nations country team. For the management and accountability system to work, it will require the reciprocal implementation of commitments by all parties, the Resident Coordinator and the United Nations country team members as well as agency headquarters. In some cases, lack of implementation of certain provisions of the management and accountability system may be due to the time required to implement change. Yet, it might also reflect a reluctance to implement centrally agreed measures when their full implications at the country level are realized only later. The difficulties in communicating change initiatives through the different layers of the United Nations system may also have played a role.

104. This view of the performance of the management and accountability system is reflected in the findings of the survey of Resident Coordinators and United Nations country team members, where only 37 per cent felt that full implementation of the management and accountability system would be very effective in enhancing country-level coherence in the next four years.[20] This reflects the perception that there is a limit to country coherence, with vertical accountability overriding horizontal accountability, which was repeatedly expressed in interviews with Resident Coordinators and United Nations country team members in the preparation of the current report. Some United Nations entities are also of the view that appointing a Country Director or empowering a Deputy Resident Representative, while an improvement, cannot fully address the perceived conflict of interest. There is the need to ensure that the implementation of the management and accountability system is reviewed regularly in the United Nations Development Group at both the regional and headquarters levels, and where it is falling short, effective measures are taken to remedy the situation.

There is need for more universal implementation of agreed decisions

105. Certain decisions of the General Assembly call for the Resident Coordinator and/or the United Nations country team to review substantive programme and project documents of entities at the country level prior to their submission to headquarters for approval (see General Assembly resolution 50/120, paras. 41-42). These decisions do not appear to be applied systematically across the country teams. Implementing them would advance implementation of Economic and Social Council decision 2011/7 that United Nations organizations should further improve the linkage between their specific programmes and projects and the United Nations Development Assistance Framework. Other decisions in resolution 50/120 call for means of appraising the contribution of staff members to United Nations coordination (e.g., para. 37 (c)). Current arrangements at the country level allow entity field

[20] In "Delivering as one" countries and those which voluntarily adopted this approach, 47 per cent of Resident Coordinators and United Nations country team members felt that full implementation of the management and accountability system would be very effective in enhancing country-level coherence in the next four years.

representatives to provide input to the appraisal of the Resident Coordinator, but the latter is not positioned to reciprocate with input on their individual contributions to the functioning of the United Nations country team, although this is envisioned in the management and accountability system.

B. United Nations Development Assistance Framework

106. In paragraph 14 (k) of its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to an assessment of the United Nations Development Assistance Frameworks to determine, inter alia, their alignment with national priorities, their focus on the internationally agreed development goals, including the Millennium Development Goals, and the effectiveness of their process, building on the review conducted by the United Nations Development Group.

107. In introducing in 1997 the package of reforms to strengthen the effectiveness of the United Nations in the twenty-first century (see A/51/950), the Secretary-General stressed the interlinkages among peace and security, poverty reduction and sustainable development, and the promotion and respect for human rights. In response to his call for a coherent vision and strategy for a unified approach towards common development goals at the country level, the common country assessment and the United Nations Development Assistance Framework were adopted as strategic planning instruments of the United Nations system.

Box 3
Selected milestones in the United Nations Development Assistance Framework since 2007

- Five United Nations country teams developed common country programme documents
- 2010 United Nations Development Assistance Framework guidelines promote enhanced engagement of non-resident agencies, specialized agencies and civil society in country programming
- United Nations Development Group Millennium Development Goal Acceleration Framework developed and tested in 10 pilot countries
- United Nations Development Group adopted tools and methods for implementing disaster risk reduction, climate change and environmental sustainability and human rights-based approach in country programmes
- United Nations Development Assistance Framework gender equality scorecard introduced

108. The United Nations Development Assistance Framework process is essentially built on a set of tools designed to:

(a) Analyse the country context (the common country assessment);[21]

(b) Manage strategic planning and prioritization within the United Nations at the country level (the Framework formulation process);

(c) Encourage engagement by the United Nations as a whole with the aid coordination office or other central departments of the government in the programme country (also part of the Framework formulation process);

(d) Prevent duplication and encourage synergy among United Nations entities in the implementation of programmes and projects;

(e) Enhance reporting and accountability for results (the results framework and review/evaluation processes during implementation).

109. The United Nations Development Assistance Framework process is often seen as an important opportunity for the United Nations country team to help countries advance the implementation of internationally agreed norms, and the standards and development approaches agreed globally at the United Nations, when governments prepare their national development plans and strategies. This process also offers an opportunity for the United Nations country team to engage in a dialogue with non-resident agencies as well as civil society organizations, the private sector and bilateral donors on United Nations programme approaches and priorities. The United Nations Development Assistance Framework process also represents an opportunity to align the United Nations work with the priorities of the host country, building on the comparative advantage of different entities. At the same time, the Frameworks have not systematically enabled the involvement of non-resident agencies, and some of them have provided support to programme countries aside from and supplementary to the Frameworks.

The United Nations Development Assistance Framework has enhanced the alignment of United Nations support with national development needs and priorities and the global development goals

110. More than 80 per cent of governments agree that the activities of the United Nations are generally closely aligned with national development needs and priorities. The United Nations Development Assistance Framework is generally seen as having contributed to improving the alignment. This conclusion is supported by analysis of evaluations of the Framework and the findings of the independent evaluation of the "Delivering as one" and the country-led evaluations.

111. This finding is also consistent with results of the survey of Resident Coordinators and United Nations country teams, which indicate that almost all respondents agree that there is evidence that United Nations programmes are increasingly developed in response to priorities identified by the recipient country.

112. Governments in programme countries, regardless of income level, also see support to the implementation of the Millennium Development Goals as central to the work of the United Nations, including the United Nations Development

[21] Many United Nations country teams now adopt a lighter version of the common country assessment in conducting the analytical phase of the development of the United Nations Development Assistance Framework document as recommended by United Nations Development Group regional teams, drawing on an existing body of research and reports.

Assistance Framework process, to support their national development plans and strategies.

Despite often limited engagement in the United Nations Development Assistance Framework process, governments value this tool, more so than the United Nations development system itself

113. Even though the United Nations Development Assistance Framework guidelines adopted by the United Nations Development Group emphasize national ownership as a key principle, the evidence, based on review of evaluations of the Framework and interviews with United Nations country team members, is generally mixed on the degree of government ownership of the process. However, some 80 per cent of programme country governments agree that the process has helped the United Nations system achieve better results than if each entity had planned its support separately.

114. A majority of Resident Coordinators, 65 per cent, agree that the United Nations Development Assistance Framework has helped the United Nations achieve better results than if each entity had planned its activity separately.[22] Far fewer field representatives of the various development entities felt that strongly.[23] Thus, governments in programme countries are much more likely than United Nations country teams to see the Framework as a tool to promote coherence and reduce duplication and fragmentation of the activities of the United Nations system.

The purpose of the United Nations Development Assistance Framework is continuously evolving to meet programme country demand

115. A review of more than 40 evaluations, as well as analysis of financial planning figures with actual expenditures in a sample of programme countries, suggests that the United Nations Development Assistance Framework has not served effectively as a continuous strategic planning tool. There are some recent indications, however, that this situation may be changing. For example, improvements came with the United Nations Development Group guidance of 2010, including the introduction of the United Nations Development Assistance Framework action plans and common budgetary framework as an option to ensure the effective implementation of the Framework.[24] An increasing number of United Nations country teams that have developed a Framework since the adoption of the 2010 guidance have selected the action plan option.

116. In many programme countries, there has been a significant difference between the "intended" strategy as reflected in the United Nations Development Assistance Framework document and the "realized" strategy, what was actually delivered by entities by the end of the Framework period. In only a small number of programme

[22] In the context of the survey of programme country governments, the term "better results" was linked to the concept of "synergy", or the sum of the system as a whole being more than its individual parts.

[23] UNDP (26 per cent), UNICEF (13 per cent), WFP (12 per cent), WHO (28 per cent), FAO (14 per cent), UNESCO (21 per cent), UNIDO (12 per cent) and ILO (33 per cent).

[24] The United Nations Development Assistance Framework Action Plan, including the common budgetary framework, is currently designed as a five-year planning instrument. However, turning it into a one-year planning tool is likely to reduce transaction costs and enhance the transparency and effectiveness of inter-agency programming and implementation.

countries where the Framework has been used to manage the integration of the total support provided by the United Nations into a government's strategic planning process has this variance between the "intended" and "realized" strategy been smaller. The United Nations Development Assistance Framework action plan, if it is based on a one-year cycle and serves as a substitute for agency-specific planning instruments, could help address this variance between the "intended" and "realized" strategy and ensure the effective implementation of the United Nations Development Assistance Framework at reduced transaction costs.

117. The United Nations Development Assistance Framework may therefore be more effective as a medium-term strategic framework, with results at the outcome level, than as a tool to plan outputs five years into the future. The Framework document could therefore be complemented by an annual action plan providing further details at the output and activity level.

118. The United Nations Development Assistance Framework process does provide an opportunity for having a single document both at the strategic and detailed planning levels. This modality is the "one programme", which is a development assistance framework, an action plan and a common budgetary framework all in one document.

119. By replacing the operational documents of multiple agencies with a United Nations Development Assistance Framework/action plan/common budgetary framework, coherence as well as harmonization and simplification of United Nations operations would be achieved. The action plan is a comprehensive overview of all United Nations development operations at the country level, thus enabling increased national ownership and ensuring coherence and transparency. It is linked with the common budgetary framework, which assesses the funding requirements for the United Nations system to implement the programme. When these instruments (United Nations Development Assistance Framework, action plan and common budgetary framework) are implemented (in lieu of agency specific instruments), they enhance coherence and effectiveness at the country level by reducing fragmentation, decreasing competition for funds and enhancing capacity for strategic approaches.

120. When these instruments are implemented in conjunction with agency country programme documents, as is currently the case in most instances, then high transaction costs occur both for governments and the United Nations. These high transaction costs have contributed to a situation in which 88 per cent of programme country governments believe that further streamlining of the programming instruments and processes is required.

121. The United Nations Development Assistance Framework process has also not been particularly effective in reducing duplication of activities and competition among entities for funding. Among governments in low-income countries, some 62 per cent either strongly agree (26 per cent) or somewhat agree (36 per cent) to the same statement. Governments pointed out that the coherence promoted by the United Nations Development Assistance Framework needs to be carried through to the implementation stage. Many Framework evaluations and the "Delivering as one" independent evaluation have also expressed similar concerns.

Accountability to governing bodies for United Nations Development Assistance Framework results needs strengthening

122. The introduction of a results focus in the United Nations Development Assistance Framework and in strategic planning has been driven in part by the need to meet corporate level demands for evidence, which are in turn often required to meet the reporting demands of governing bodies. However, there is limited comparable demand within the United Nations, at either the corporate or governing body level, for reporting on results at the United Nations Development Assistance Framework (system-wide) level.[25] Nor is anybody within the United Nations accountable to governing bodies for results at the United Nations Development Assistance Framework (system-wide) level.[26] The issue of Framework evaluations is further discussed below.

United Nations country teams are increasingly exploring opportunities to reduce programmatic transaction costs with strong support for further streamlining and harmonization of programming instruments and processes

123. The general view within the United Nations system is that the introduction of the United Nations Development Assistance Framework has increased transaction costs for both the government and entities in most situations, in particular as there has not been any corresponding reduction in agency-specific programming processes/documents and reporting requirements.

124. Many United Nations country teams in programme countries are actively seeking opportunities to reduce such costs. More than 60 per cent of Resident Coordinators and country team members agree that programme measures have been introduced in the past four years to reduce the burden on the government in dealing with the United Nations system.[27]

125. Governments in the programme country survey were asked which measures were important to reduce the workload on national partners. Their responses show statistically strong demand for further simplification and harmonization of programming instruments and processes (see table 1).

[25] The Resident Coordinators draw on the results to a degree for reporting under the Resident Coordinators annual report, but this is strictly for reporting purposes and has no elements of accountability attached.

[26] The United Nations Evaluation Group inter-agency group on United Nations Development Assistance Framework evaluations has recently updated the terms of reference for the evaluations and has issued guidelines for management responses. These will serve to complement the recently issued United Nations Development Assistance Framework evaluation Frequently Asked Questions, which were published in September 2011.

[27] Measures mentioned include the following: annual United Nations Development Assistance Framework reviews replacing those of individual agencies; establishment of joint programmes; designation of a single agency to speak for the United Nations country team in government-donor coordination groups; emphasis on speaking with one voice; using harmonized approach to cash transfers fully; establishment of theme groups and joint missions; and joint annual work planning, monitoring and reporting.

Table 1
Measures to reduce workload on national partners (number of governments)

	Very important	*Somewhat important*	*Slightly important*	*Not important*	*Do not know*	*Not applicable*
Use a single format for annual workplans	87 (80%)	15 (14%)	3	2	0	2
Use a single format for progress reports	81 (74%)	22 (20%)	2	3	0	2
Simplify United Nations Development Assistance Framework and agency country programming and planning process	71 (65%)	27 (25%)	4	3	1	3
Designate a lead agency for some thematic issues to represent common United Nations approach in country	67 (61%)	34 (31%)	8	0	0	1
Plan joint monitoring missions and evaluations when working in same thematic area	86 (78%)	19 (17%)	3	2	0	0
Consolidate country presence under a single head accountable for all United Nations assistance	65 (60%)	27 (25%)	8	4	1	4

Source: Analysis of responses from survey of programme country governments (Department of Economic and Social Affairs, 2012).

126. Low-income countries give even higher weight to simplification and harmonization of programming instruments and processes than other programme countries.

127. The support for further simplification and harmonization of programming instruments and processes is also strong among Resident Coordinators and United Nations country team members. Some 89 per cent either strongly agree (55 per cent) or somewhat agree (34 per cent) on the need for such measures.

128. The above findings confirm the significant demand among both programme country governments and Resident Coordinators and United Nations country teams for further progress in this area. The voluntary initiative of some countries to use common country programme documents that are consistent with the United Nations Development Assistance Framework is an example of such progress.[28] In this connection, it is relevant to recall that the original concept of the Framework when it was introduced in 1997 was that this instrument would evolve into becoming a common programming document for the United Nations development system at the country level.

129. A number of studies have recommended the simplification and harmonization of programming instruments at the country level, e.g. a comprehensive review of the role and quality of United Nations Development Assistance Frameworks in 2006, which included visits to 25 programme countries[29] and a report based on the experience of the "Delivering as one" pilot countries.[30]

[28] The United Nations country team in the United Republic of Tanzania has taken the simplification and harmonization agenda one step further by adopting a common country programme document and an United Nations Development Assistance Framework Action Plan with common annual workplans and reports.

[29] "Delivering as one": lessons learned from pilot countries, report prepared by United Nations Coordination Officers from Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam.

[30] Richard Longhurst, A review of the role and quality of United Nations Development Assistance Frameworks, 2006, Overseas Development Institute.

130. Results of streamlining programming instruments in "Delivering as one" countries are mixed. The One Programme has been at the core of efforts to respond to country needs and priorities in all "Delivering as one" pilot countries. However, the One Programme has posed challenges in terms of defining the right balance between strategic focus and inclusiveness, i.e. giving the pilot countries increased access to mandates and resources of funds, programmes, non-resident agencies and other specialized agencies. The One Programme has not led to one line of accountability, and this has implications for the measurement of performance, which remains primarily vertical, or within organizations.

131. Some "Delivering as one" pilot countries are convinced of the added value of joint programming over joint programmes. As pilot countries have progressed towards development of common country programming documents for the entire United Nations system, their efforts have been constrained by the requirements that separate Executive Boards of funds and programmes approve agency-specific country programme documents. This made it necessary to prepare separate common country programme documents covering only the activities of the funds and programmes.

C. Simplification and harmonization of business operations

132. In paragraph 120 of its resolution 62/208, the General Assembly encouraged the funds, programmes and specialized agencies of the United Nations system to step up their efforts, in consultation with national Governments of programme countries and in accordance with their development needs and priorities, to rationalize their country presence through common premises, co-location and, where appropriate, to implement the joint office model and expand common shared support services and business units, in order to reduce United Nations overhead and transaction costs for national Governments.

Operational efficiency and development effectiveness are linked

133. The rapidly growing volume of operational activities has brought increased attention of Member States and United Nations entities to the link between operational efficiency and effectiveness of programme delivery. More efficient business practices, particularly in the form of common services at headquarters and country level, are expected to positively impact the costs and quality of programme delivery for the benefit of programme countries,[31] freeing more resources for programmes compared to support activities. As a result, the five-year action agenda of the Secretary-General for the period 2012-2016 accords high priority to further progress in the harmonization of business practices.

[31] The term "business practices" is defined as methods, procedures, processes, or rules employed by United Nations entities in the pursuit of their objectives.

Box 4
Selected milestones in the simplification and harmonization of business operations since 2007

- Agency approval of use of long-term agreements in the area of procurement
- Introduction of standardized memorandums of understanding for common services
- Shared ICT infrastructure introduced in several programme countries
- Harmonized approach to cash transfers in process of implementation in some 96 programme countries
- Number of United Nations Houses and common premises increased significantly

134. The findings of the survey of the programme country governments confirm the need for improving overall efficiency of the United Nations development system. Some 60 governments also offered comments on the topic of efficiency. Many repeated the comments they had already made under the headings of relevance and effectiveness. Twenty-eight of the comments referred to United Nations reform initiatives, including "Delivering as one", the United Nations Development Assistance Framework and measures to harmonize procedures and reduce duplication, among others. The next most frequently mentioned topic was national ownership, under which 19 governments called for closer consultation between the United Nations and the government in the planning and implementation of programmes, closer alignment with national priorities, and more support for aid coordination. The third topic, mentioned 18 times, was capacity development, in particular greater use of country systems. Other topics mentioned at least five times were better monitoring and evaluation, and more transparency (including regular reporting).

Considerable work has already taken place

135. Following the adoption by the General Assembly of resolutions 59/250 and 62/208 on the triennial comprehensive policy review, the United Nations system introduced a wide range of system-wide change measures to harmonize and simplify business practices at headquarters and country levels. In the area of business operations, initiatives have been undertaken through the activities of the United Nations Development Group and the High-level Committee on Management working mechanisms and the latter's Plan of Action for the Harmonization of Business Practices in the United Nations System.

136. Since the 2010 joint high-level United Nations Development Group-High-level Committee on Management mission, the two bodies have increased their cooperation through more effective coordination and the distribution of workload along different functional areas of the various working groups. In addition, the High-level Committee on Management and the Development Operations Coordination Office have supported the provision of a number of training workshops managed by the United Nations System Staff College.

Demonstrating lasting efficiency gains and cost savings is the next step

137. The "Delivering as one" and other selected programme countries have shown results in the planning and execution of various measures, supporting the harmonization and simplification of business practices in the areas of human resource management, finance, administration, procurement and information and communications technology (ICT). Notwithstanding the efforts made to harmonize business practices, there has been limited success in conducting accurate cost-benefit analyses, including reliable and credible measurement of efficiencies and cost reductions, as well as putting in place sustainable management of the new initiatives. This has been highlighted in the independent evaluation of "Delivering as one" and is supported by the results of a survey of operations management teams in 105 programme countries conducted in preparation of the present report.

138. In the context of its Plan of Action for the Harmonization of Business Practices, the High-level Committee on Management supports projects in different functional areas of business operations, including the establishment of common treasury services and the harmonization of human resources recruitment processes at the country level. This initiative builds on a comprehensive review and comparison of human resources policies and procedures in the United Nations system.

139. The establishment of harmonized business practices at the country level is driven by the notion that inter-agency rationalization of business operations services, and the implementation of common services in particular, will lead to increased efficiency and the freeing of resources for programme activities. In this connection, common services would typically be based on feasibility studies and inter-agency agreements aiming to regulate the service provision, agency participation and cost-sharing arrangements.

140. According to the survey of operations management teams, some 54 per cent of United Nations country teams reported cost reductions as the result of harmonization of business practices. In addition, about 60 per cent of United Nations country teams reported moderate to significant non-monetary gains, such as enhanced quality of services, better supplier relations and reduced time spent on specific business processes. These findings concur with an earlier analysis conducted by the High-level Committee on Management Procurement Network, as well as the lessons learned from the "Delivering as one" evaluations.

141. The results of the survey show, however, that most common services have not been based on an assessment of the financial feasibility, the projection of cost savings, the implementation of relevant inter-agency agreements or the establishment of common long-term agreements with local suppliers and service providers (see table 2).

Table 2
Top five and bottom five harmonized business practices/common services
(Percentages)

Common services	*Common services in place*	*Inter-agency memorandum of understanding in place*	*Common long-term agreement in place*	*Cost-benefit analysis conducted*	*Cost savings calculated*	*None of those steps*
Security services	86.7	37.1	33.3	17.1	10.5	26.7
Travel services	76.2	22.6	51.0	24.5	16.7	25.5
Medical services	72.4	33.0	9.7	11.6	6.8	47.6
Cleaning services	59.1	23.7	29.7	13.8	10.8	47.5
Banking services	51.4	9.7	22.3	15.5	12.6	55.3
Newspaper advertisement	11.4	1.0	3.1	0.0	1.0	94.8
Editing services	10.5	2.1	6.2	1.0	2.1	91.2
Common vendor for ICT software	10.5	3.2	3.2	4.3	2.1	89.4
Vehicle purchase	5.7	2.1	3.1	0.0	0.0	94.8
Fleet management	4.8	3.1	2.1	1.0	0.0	95.8
Harmonized job descriptions	3.8	2.0	not applicable	2.0	1.0	94.8

Source: Analysis of responses to survey of operations management teams in programme countries (Department of Economic and Social Affairs, 2012).

Capacity limitations in operations management constrain further change

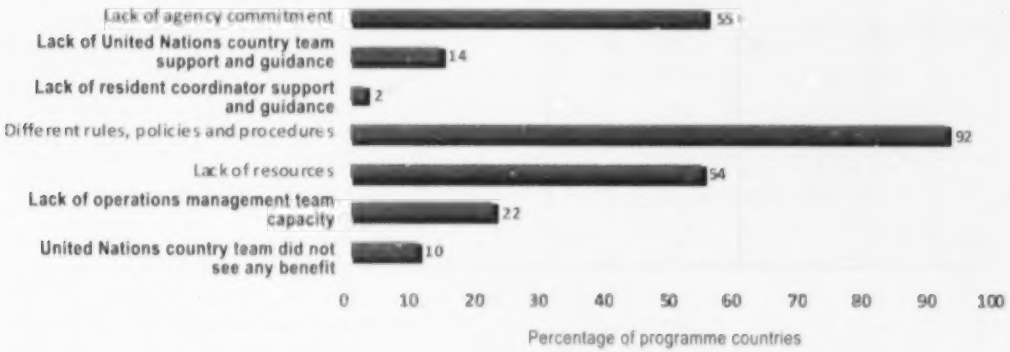
142. The experiences in the "Delivering as one" pilot countries have shown that the successful implementation of harmonized business practices requires additional and different capacity in the operations management teams than currently available in most countries. This includes expertise in business planning, calculation of financial feasibility, contract management and change management. In most cases, the coordination work required is in addition to agency-specific responsibilities. Individual staff members participate in working groups in addition to their full-time jobs, leading to long working hours and shifting priorities.[32]

143. Furthermore, entity representation in the operations management team in many programme countries remains low, and staff members are often not authorized to fully represent their agencies, including speaking and deciding on their behalf. The results of the survey of operations management teams support these findings. Of the operations management teams in the 105 programme countries that responded to the survey, 55 per cent answered that the lack of agency commitment hinders the harmonization of business practices at the country level, followed by lack of resources (54 per cent) and lack of operations management team capacity (22 per cent). The last point — the weak capacity of the operations management teams — was also highlighted in the report of the high-level United Nations Development Group-High-level Committee on Management mission in March 2010.

[32] Unfortunately, staff contributions to the harmonization and simplification agenda are often not reflected in the respective job description, despite rules and regulations allowing and often stipulating this practice, contributing to disincentives for staff to engage in this effort.

144. The lack of agency commitment has been seen as a result of the existence of different, agency-specific business models and related policies and procedures and the resulting prioritization of the vertical accountability of agency representatives towards their headquarters over an inter-agency approach at the country level. In addition, the often limited capacity of operations management teams hinders the development of business solutions presenting clear evidence of the financial feasibility, efficiency gains and quality in service delivery for each participating agency (see figure IV).

Figure IV
Hindrances to harmonizing business practices in programme countries



Source: Analysis of responses to survey of operations management teams in programme countries (Department of Economic and Social Affairs, 2012).

145. Capacity development remains one of the most critical parts of a strategy ensuring the successful implementation and management of sustainable common services at the country level. For this reason, the United Nations Development Group and the High-level Committee on Management established a partnership with the United Nations System Staff College, which designed and conducted a series of trainings aiming to increase the capacity of operations management teams to assess, plan and implement common services. According to the United Nations System Staff College, more than 200 staff, many of whom occupy senior management positions, from over 50 programme countries have been trained in business operations workshops since 2010.

Other opportunities and approaches exist

146. In accordance with the results of the global web-based survey, 92 per cent of the operations management teams, which completed the survey, confirmed that different regulations, policies and procedures are among the main reasons hindering harmonization of business practices at the country level.

147. Best practices and lessons learned from a number of programme countries, however, show that it is possible and often feasible to engage in the harmonization of business practices despite the existence of agency-specific policies and procedures. Many common services at the country level do not necessarily require the harmonization of agency-specific policies and procedures and can be

successfully managed by an identified lead agency or through the establishment of an inter-agency business centre. Therefore, while the continuous existence of different agency-specific regulations, policies and procedures presents a significant challenge for the effective harmonization of business practices, solutions have been developed at the country level showing that significant efficiency gains are possible through the implementation of common services. Using their specific policies and procedures, selected lead agencies provide common services at cost to the entire United Nations system at the country level.

148. In preparation for the 2012 quadrennial comprehensive policy review, the feasibility of different business models has been tested by simulating the implementation of 20 selected common services at the country level. The comparative analysis has shown that the effective implementation of common services always leads to significant efficiency gains and savings for the participating United Nations entities. Through the establishment of common long-term agreements with local suppliers and service providers, transaction costs for procuring goods and services are reduced by an average of about 75 per cent.[33] Depending on the business volume in respective programme countries, price reductions through the implementation and management of common long-term agreements can result in annual savings of several million dollars for the United Nations entities in one programme country alone.[34]

149. Depending on the total volume of business transactions with local suppliers and service providers, either the provision of common services through a lead agency model or the establishment of an inter-agency business centre could best serve to manage all common services. The establishment of an inter-agency business centre seems feasible where the annual turnover of accumulated transactions in common services would require the employment of specialized full-time staff. The business centre model is based on a full cost-recovery principle and would be mandated to ensure the establishment and sustainable management of common services. The implementation and management of common services through the establishment of a business centre would considerably reduce coordination costs and enable United Nations entities at the country level to further rationalize their own operations functions.

[33] The above-mentioned average costs reductions have been validated through detailed activity-based costing exercises in Mozambique and the United Republic of Tanzania, where each step in the procurement process was analysed in terms of the average staff time and resources spent. The comparative analysis considered different policies and procedures from a number of agencies. While the numbers can vary in accordance with the staff level and time spent in each procurement process, the activity-based costing proves that the establishment of long-term agreements potentially leads to savings in transaction costs of about 75 per cent.

[34] Savings through the establishment of long-term agreements are not only achieved because of the significant reduction of transaction costs. By establishing common long-term agreements, the United Nations system at the country level can yield economies-of-scale effects, which frequently lead to lower and stabilized prices for goods and services at better conditions. Individual agency and ad hoc procurement of goods and services leave little room for effective price negotiations and the establishment of quality standards and specific requirements as requested by the United Nations system at the country level.

Rationalization of business practices internal to entities

150. To enable the harmonization of business practices, inter-agency collaboration in an enterprise resource planning system has been repeatedly recommended throughout the United Nations reform process. While this should remain a relevant long-term goal, agencies continue to improve their existing individual enterprise resource planning systems or undertake large investments in the development of new agency-specific enterprise resource planning software without systematic consideration of the need for system-wide consistency.[35]

151. Despite the continued existence of different enterprise resource planning systems and agency-specific regulations, policies and procedures, the investment in the rationalization of business practices within agencies can yield significant efficiency gains, contributing to more effective programme delivery and savings at the country level. While enterprise resource planning system collaboration remains a relevant goal, potentially much greater benefits may be realized by achieving economies of scale and a degree of specialization pursuant to decisions made at the Headquarters level. Common services provided as a result of those decisions could be performed by agencies in subregional, regional and global service centres on behalf of the entire United Nations system.

Capacity development is one of the most critical parts

152. Strengthening leadership in change management, ensuring accountability and establishing the most supportive organizational structures at the country level to manage harmonized business practices should be an integral part of the work of the United Nations Development Group and the High-level Committee on Management. The "Delivering as one" countries and a number of other programme countries have piloted many feasible business solutions in various areas of business operations. Follow-up could include the development of a concrete change management strategy for the development and implementation of optimal business solutions. The change management strategy could include the expansion of common procurement practices and the development and implementation of robust results-oriented monitoring and evaluation and system-wide reporting.

153. Efficiency gains in the delivery of business operations support services can be expected to have a direct impact on the quality and effectiveness of programme delivery, as most programmes depend on the successful and timely provision of procurement services, human resources administration, communications technology and other administrative functions. The continuous investment in the simplification and harmonization of business practices can therefore be seen as an integral part of the partnership between the host government and a well-coordinated United Nations system at the Headquarters and country level.

[35] The enterprise resource planning system provides an integrated suite of information technology applications that support the operations of an enterprise. The activities supported by the system include: finance and budget management; human resources management; supply chain management; central support services; and other core services. The main value of the system is that it provides the opportunity to streamline and improve the operations of an entire organization through process re-engineering, sharing of common data and the implementation of best practices and standards.

D. Cost of coordination

154. In paragraph 8 of its resolution 2011/7, the Economic and Social Council invited the United Nations Development Group to conduct a review of existing funding modalities in support of the Resident Coordinator system, including appropriate burden-sharing arrangements among relevant United Nations organizations, making recommendations to improve the provision of resources and support to the Resident Coordinator system at the country level, to be reported by the Secretary-General to the Economic and Social Council.

155. The General Assembly, in its resolution 62/208, requested the Secretary-General to report on an annual basis to the Economic and Social Council on the functioning of the Resident Coordinator system, including costs and benefits. This request was made as the Assembly took note that coordination activities, while beneficial, represent transaction costs that are borne by both programme countries and the organizations of the United Nations system.

156. As part of the preparations for the report of the Secretary-General on the analysis of funding of operational activities for development of the United Nations system for 2009 (A/66/79-E/2011/107), the Department of Economic and Social Affairs studied the costs and benefits of coordination of such activities. This analysis was focused particularly on the cost side, as estimating benefits is a more complex undertaking.

157. The annual cost of coordination of the United Nations development system was estimated at some $237 million, or about 3 per cent, of country programmable resources in 2009. It is also important to mention that coordination costs are overwhelmingly concentrated at the country level, while those at Headquarters and regional levels are miniscule in comparison.[36]

It is reasonable to assume that benefits of coordination exceed the costs

158. The conclusion from the above is that the costs of coordinating the United Nations development system remain small compared to the total value of country programmable resources. There is some evidence that the United Nations system needs to devote more resources to coordination. At the same time, there may be scope for realizing savings by streamlining the processes for preparing, monitoring and reporting on United Nations Development Assistance Frameworks and country programmes.

[36] The above estimate of coordination costs is subject to several qualifications: first, while estimates for UNDP coordination costs are reliable, comparable data for other United Nations agencies operating at the country level are not available. An order of magnitude estimate for the monetary value of time spent by staff of other United Nations entities on coordination activities at the country level has therefore been made for the purpose of this analysis; second, the UNDP workload survey data does not differentiate between development-related activities and humanitarian assistance, with the above estimate of country-level coordination costs therefore likely to be on the higher side; third, in some programme countries, it might be difficult to distinguish between inter-agency coordination and agency-specific programming. For example, the UNDP workload survey data include coordination costs associated with the development of common country assessments and United Nations Development Assistance Frameworks, although in some countries this cost could be considered part of core programming.

Burden sharing of coordination costs

159. In paragraph 8 of its resolution 2011/7, the Economic and Social Council invited the United Nations Development Group to conduct a review of existing funding modalities in support of the Resident Coordinator system, including appropriate burden-sharing arrangements among relevant United Nations organizations, and make recommendations to improve the provision of resources and support to the Resident Coordinator system at the country level, to be reported by the Secretary-General to the Economic and Social Council. This study is currently ongoing, and a draft report is expected to be submitted in late June, prior to the substantive session of the Economic and Social Council.

160. It is relevant to mention in this context that United Nations Development Group member organizations have agreed in principle to contribute to funding the Development Operations Coordination Office. The United Nations Development Group Advisory Group recommended utilizing the CEB formula for this purpose, while agencies should be able to choose from a menu of funding options, based on needs and means, including unearmarked contributions, earmarked contributions for specific posts or functions and other modalities.[37] There is a clear need to develop some mechanism to ensure that burden sharing actually happens throughout the system.

E. Transition countries: the challenge of coordination and coherence

161. In paragraph 71 of its resolution 62/208, the General Assembly requested the organizations of the United Nations development system to strengthen interdepartmental and inter-agency coordination in order to ensure an integrated, coherent and coordinated approach to assistance at the country level, which takes account of the complexity of challenges that countries in those circumstances face and the country-specific character of those challenges.

United Nations has a major role to play in transition countries

162. While the concepts of relief and development have evolved since the triennial comprehensive policy review in 2007, the most universally contested aspect of the term "transition from relief to development" relates to the implied understanding of transition as a "continuum". Countries in transition are complex environments in which linear progression from one set of activities to another is difficult, if not impossible, to achieve. Complex processes in transition settings simply do not progress linearly; such contexts are characterized by unpredictable shocks and weak institutions may be vulnerable to regional economic and political distortions, creating highly unpredictable environments. Humanitarian assistance and development-related activities may be required simultaneously to cope with needs that are different, yet overlap. Expectations of a linear progression betray the reality

[37] The United Nations Systems Chief Executives Board for Coordination (CEB) applies a cost-sharing formula, according to which the CEB secretariat-related costs are apportioned to United Nations system organizations 50 per cent based on staff (as per the latest available personnel statistics) and 50 per cent based on total expenditure (as per the latest available audited financial statements, minus expenditure in kind, excluding expenditure related to peacekeeping operations).

of complex and fragile settings and can lead to unrealistic time frames with unintended, negative consequences.

Box 5
Selected milestones in establishing coordination and coherence in transition countries since 2007

- Post-conflict needs assessment toolkit developed in partnership with the World Bank and other partners
- United Nations Development Assistance Framework guidelines revised to provide enhanced guidance to United Nations country teams in transition countries
- Enhanced Headquarters support to Resident Coordinators in transition settings
- Strengthened cooperation with the Peacebuilding Support Office

163. The triennial comprehensive policy review in 2007 recognized "that the United Nations development system has a vital role to play in situations of transition from relief to development". The report of the Secretary-General on peacebuilding in the aftermath of conflict (A/63/881-S/2009/304) was the most prominent articulation of a response to this element of resolution 62/208, setting out a clear agenda for the work of the Organization in post-conflict settings. The report provides both substantive and process-related guidance, identifying five key areas for prioritization where coherence and coordination are most needed: (a) fragile settings, including basic safety and security; (b) political processes; (c) provision of basic services; (d) core government functions; and (e) economic revitalization.

164. Similarly, the report of the Secretary-General on women's participation in peacebuilding (A/65/354-S/2010/466) underscored the essential role that women play in this transition period. The report sets out a seven-point action plan to ensure that gender equality is a realistic goal at the critical moment after conflict.

165. More recently, the Secretary-General, in his Five-Year Action Agenda, has identified support to nations in transitions as one of the top five priorities for the United Nations for the period 2012 to 2016.

166. The triennial comprehensive policy review and the various processes have marked the recognition of the need to respect national ownership and leadership in situations of transition from relief to development and to build on existing national capacities as much as possible.

Strong emphasis was placed on enhancing support and system-wide coordination and coherence in the triennial comprehensive policy review

167. Promoting internal coordination, both within and between agencies in transition countries was an important priority of resolution 62/208, requesting the United Nations development system to take measures, in line with guidance provided by Member States, that further strengthen the coherence, relevance,

effectiveness, efficiency and timeliness of operational activities of the United Nations development system in countries in transition from relief to development.

168. A large number of policies targeting internal United Nations coordination had already been developed prior to 2007, so the triennial comprehensive policy review sought to build upon and refine those policies, some of which were in the implementation phase. The report of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment (A/61/583) and the Note of Guidance of the Secretary-General on Integrated Missions provided a strong foundation. The report emphasized "One United Nations" as a driving concept for overcoming fragmentation of the United Nations system at both the Headquarters and country levels. The guidance note emphasized the evolving nature of the integrated mission concept and sought to provide additional clarity on the roles and responsibilities within complex, multidimensional missions.

169. Decision No. 2008/24 on Integration of the Secretary-General added extra impetus to the promotion of the system-wide coherence and coordination agenda. This Decision also established an Integration Steering Group, to be convened by the Department of Peacekeeping Operations, to help ensure the implementation of the integration principles and mechanisms, including instruments such as the integrated strategic frameworks and Integrated Mission Task Forces, and to align mission planning processes with existing United Nations system planning tools and other relevant country processes, such as the United Nations Development Assistance Framework, the Common Humanitarian Action Plan/the Consolidated Appeals Process, poverty reduction strategy papers, and results-based budgeting.

170. Overall, the provision of adequate and rapid support to Resident Coordinators and United Nations country teams in situations of transition from relief to development is also essential. This has been reaffirmed by the Economic and Social Council, which called for broadening and enhancing such system-wide support and invited the United Nations Development Group to develop standards for the type and level of staff and operational support to be provided to United Nations country teams, especially in transition situations.

171. In the area of planning, and as a direct follow-up to the recommendations of the triennial comprehensive policy review, the United Nations Development Assistance Framework guidelines were revised by the United Nations Development Group with regard to making this important programming instrument conflict-sensitive, and a package of specific support to United Nations country teams was introduced in this regard. Also, a post-conflict needs assessment toolkit was developed in cooperation with the World Bank and other partners.

172. Since the triennial comprehensive policy review, efforts have been intensified to make the joint declaration on post-crisis response among the United Nations, the World Bank and the European Union operational. Support to United Nations country teams/Resident Coordinators in transition settings was also broadened, and system-wide support was provided for the development of integrated strategic frameworks, and the cooperation of the United Nations development system with the Peacebuilding Support Office and the Peacebuilding Commission has been strengthened.

Enhancing country-level coherence remains a work in progress

173. A review of various studies and evaluation reports in the preparation of the present report, as well as interviews with United Nations country team members, suggests that the strengthening of coherence in transition countries remains a work in progress. This is supported by the findings of the survey of Resident Coordinators and United Nations country team members.[38] Only 22 per cent fully agree, while 44 per cent somewhat agree, that integration of the peacekeeping mission or the political office and the country team has enhanced coherence at the country level.[39] When Resident Coordinators and United Nations country team members were asked whether integration had contributed to the effectiveness of United Nations support to peace consolidation in the country, some 62 per cent agreed and 38 per cent disagreed.

174. Regarding whether United Nations activities are fully supportive of national ownership, the views of governments on coherence efforts in integrated mission countries/areas are also generally mixed. For example, some 70 per cent of governments that responded to the survey tend to agree only somewhat that the United Nations Development Assistance Framework/integrated strategic framework is effectively aligned with national development needs and priorities.

175. There is some evidence, however, that United Nations cooperation with the World Bank is improving in countries/areas where the principle of integration applies. For example, about 90 per cent of governments were inclined to agree, rather than disagree, that cooperation between those two organizations had improved in the past four years. Governments in the integrated mission countries/areas are generally more positive about improvements in cooperation between the United Nations and the World Bank than programme countries in general. The most notable development in this regard since the triennial comprehensive policy review in 2007 is the United Nations/World Bank Partnership Framework for Crisis and Post-Crisis Situations, signed in 2008. The agreement recognizes the opportunities for partnership between these two major actors, with a particular focus on joint assessments and pooled funds, through the use of fiduciary agreements to allow inter-operability of disbursements. The *World Development Report 2011* of the World Bank also underscored the need for closer partnership between the United Nations and World Bank in key areas and advocated for greater and more effective use of tools, such as the multi-donor trust funds, as a way to allow for more flexible coordination between different actors.

V. Progress in enhancing development effectiveness

176. The central purpose of development cooperation of the United Nations system is to contribute to the development of national capacities in programme countries. This means that development operations of the United Nations system must be responsive to national development plans, policies and priorities, the only viable frames of reference for programming operational activities for development.

[38] Ten governments in integrated mission countries/areas participated in the survey.

[39] Some 77 United Nations country team members in integrated mission countries/areas participated in the survey.

177. The present section aims to focus on the impact of the work of the United Nations development system at the country level, with focus on capacity-building and development, gender equality and women's empowerment, South-South cooperation and the regional dimension of development. In addition, this section reviews progress since the triennial comprehensive policy review in strengthening results-based management and planning and evaluation in the work of the United Nations development system, both of which are critical elements for enhancing development effectiveness of operational activities.

A. Capacity-building and development

178. In paragraph 14 (c) of its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system, to a review of progress made by the United Nations development system to ensure national ownership and leadership of United Nations operational activities, including through the use of national administrative systems and the identification of further steps in that regard.

National capacity-building is an essential part of operational activities

179. In successive resolutions on the triennial comprehensive policy review, the General Assembly has consistently underlined the importance of strengthening national capacities and, as part of that effort, providing coherent United Nations system support and making optimal use of existing national capacities and systems. Adequate capacities are critical for country ownership and leadership.

Box 6
Selected milestones in capacity-building and development since 2007

- United Nations Development Group capacity assessment methodology and toolkit introduced
- United Nations Development Group reference guide for better aid launched
- United Nations Development Group capacity development network established

180. In response to those resolutions, the United Nations Development Group has made capacity development one of its priorities. Since 2002, the United Nations Development Group has called in its common country assessment/United Nations Development Assistance Framework guidelines for "capacity gaps" to be identified as part of the country analysis process and to be addressed through the cooperation planned under the Framework. A further step was taken with the 2007 common country assessment/United Nations Development Assistance Framework guidelines, which identified capacity development as one of five "interrelated principles that must be applied at the country level". The 2007 guidelines reflected the newly issued United Nations Development Group Position Statement on Capacity

Development, which stated that "capacity development is the central thrust and main benefit of United Nations country team cooperation. For there to be national ownership, capacity development should take place within the national development framework, and it should respond to national capacity assessments and capacity development strategies". The guidelines also defined capacity as "the ability of people, organizations and society as a whole to manage their affairs successfully", and capacity development as "the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time".

181. The 2007 common country assessment/United Nations Development Assistance Framework guidelines contained numerous indications on how to address capacity development, for example, by including a section on "high-quality analysis" and another on "capacity assessment". Further progress was made by the United Nations Development Group in 2008 with the issuance of a "users guide" on capacity assessment, which included methodologies for assessing capacity assets and needs, and for designing capacity development strategies. The key elements of the users guide were reflected in the 2009 and 2010 editions of the common country assessment/United Nations Development Assistance Framework guidelines.

182. This notwithstanding, the weakness of national capacities and systems continue to be cited as one of the most challenging development issues in most developing countries. The reasons for this weakness may include inadequate investments, attrition in existing human and institutional capacities owing to poor maintenance, natural and other factors, such as disease and overload of existing capacities, and in general the imbalance in the push-and-pull factors related to human resources.

183. As a result of enhanced policy and guidance work by the United Nations Development Group, collaboration on capacity development among the United Nations system organizations is increasing, especially in the context of the country analysis, the United Nations Development Assistance Framework, the "Delivering as one" processes and joint programmes, including those supported by the Millennium Development Goal Achievement Fund. The trend is also promoted by the 21 other countries which have voluntarily adopted the "Delivering as one" approach.[40] The participation of non-resident and specialized agencies in capacity development activities is also increasing.

184. It is also inherently difficult to evaluate the impact of capacity development initiatives. Results have to be visible in the short term in order to sustain political commitment. However, they also should be viable in the long term and relate to deep changes at the societal, institutional and individual levels, and demonstrate actual progress on development objectives. Finally, a continuing difficulty is to develop and comply with an exit strategy. These challenges are also faced by the broader development cooperation community.

[40] The 21 countries that have voluntarily adopted the delivering as one approach are the following: Benin, Bhutan, Botswana, Comoros, Ethiopia, Indonesia, Kenya, Kiribati, Kyrgyzstan, Lesotho, Liberia, Lao People's Democratic Republic, Malawi, Maldives, Mali, Montenegro, Namibia, Papua New Guinea, Sierra Leone, Uganda and Zambia.

There is scope for further improvements in the use of national capacities and systems

185. Nearly all governments were inclined to agree, rather than disagree, with the statement that the United Nations has been effective in developing national capacities. At the same time, the survey of programme countries suggests that the achievements of the United Nations development system in regard to capacity development did not seem to meet expectations.

186. Of the 111 respondents, 76 governments took the opportunity to offer additional suggestions. Many of those comments called for greater efforts to be made to strengthen national capacities and for better use to be made of national institutions. Capacity development was one of the three most frequently chosen areas from a list of 10 suggested ways the United Nations might make itself more effective. Some 73 per cent of civil society organization respondents also indicated that it was very important that the United Nations pay more attention to the development of national capacities.

187. The survey also asked governments in programme countries about the extent to which United Nations entities have used national capacities and systems "as much as possible". Out of 110 countries, only one third strongly agree that United Nations entities have used national experts and institutions as much as possible in the design of programmes and projects. Moreover, only about 10 per cent of the governments agree that United Nations entities use national procurement, financial, monitoring and reporting systems, or national evaluation capacities "as much as possible" in order to achieve good results. The results were similar regardless of the income level of the country.

188. The intention of the harmonized approach to cash transfers, introduced by the United Nations Development Group in 2005, was to enable a more differentiated approach to be taken at the country level while also building related national capacities.[41] The responses to the Resident Coordinator-United Nations country team survey suggest that the harmonized approach to cash transfers has been successfully applied in some countries, while overall implementation of the approach has been uneven. Finally, the independent "Delivering as one" evaluation found that the use of national systems by the United Nations country teams in pilot countries has not been consistent. While some country teams have made considerable progress, others have taken limited steps forward. The use of the harmonized approach to cash transfers and of national systems were important components of the revised approaches in "Delivering as one" pilot countries, which were intended to both enhance national ownership and contribute to reduced transaction costs.

189. The use of national systems and capacities also presents another challenge related to managing risks and accountability. This challenge makes a strong case for more solid investments by the United Nations system in building national capacities and systems as a prelude to their more effective utilization in ways that do not

[41] The harmonized approach to cash transfers is a common approach to cash transfers for implementing partners of the United Nations in programme countries. It uses macro- and microassessments, conducted with implementing partners during programme preparation, to determine levels of risk and capacity gaps. The approach uses assurance activities, such as audits and spot checks, during implementation and introduces a new harmonized format for implementing partners to request funds and report on how they have been used. It applies mainly to UNDP, UNFPA, UNICEF and WFP and to several specialized agencies in some situations.

compromise programme delivery and accountability. In the light of this situation, the development of a results framework to measure the United Nations capacity development efforts, as mandated by the triennial comprehensive policy review, would be important.

B. Gender equality and women's empowerment

190. In paragraph 14 (j) of its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system, to a review of progress at the country level in improving coordination on mainstreaming gender equality and the empowerment of women in United Nations system operational activities.

Programme countries view United Nations support to gender equality as a high priority

191. The knowledge and understanding of the requirements for effective gender mainstreaming within the United Nations system has increased in large measure since the triennial comprehensive policy review.[42] The establishment of UN-Women has been an important milestone in this regard. The Secretary-General has also declared gender equality and women's empowerment as a priority for his Five-Year Action Agenda.

Box 7
Selected milestones in gender equality and the empowerment of women since 2007

- Establishment of UN-Women
- Mandatory reporting by the Resident Coordinator system on progress in gender mainstreaming
- Number of United Nations Development Assistance Frameworks with gender-related outcomes increasing
- Adoption of system-wide action plan on gender equality and women's empowerment
- Gender Scorecard rolled out in 20 programme countries

192. United Nations entities have also gained valuable experience in implementing several gender mainstreaming instruments, such as (a) the system-wide policy on gender equality and the empowerment of women endorsed by CEB in 2006; (b) the

[42] Gender mainstreaming is "the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels", but it is also recognized that gender units or focal points are still needed and that "gender mainstreaming does not replace the need for targeted women-specific policies and programmes or positive legislation".

system-wide action plan facilitated by UN-Women;[43] (c) the country team performance indicators for gender equality and the empowerment of women (Gender Scorecard);[44] and (d) the gender marker, a tool to track allocations to gender equality.[45]

193. In the survey of programme countries, some 81 per cent of governments consider the promotion of gender equality as one of the Organization's most important areas of work. Some 73 per cent of civil society organizations working closely with United Nations entities at the country level are of the same view.

194. The most important lessons learned in this area since the 2007 triennial comprehensive policy review are: that gender equality considerations must be embedded in the organizational thinking and culture; that gender mainstreaming should be seen as contributing to, rather than competing with, other substantive priorities; and that the success of gender mainstreaming must be able to be judged by its results.

195. The establishment of UN-Women in January 2011, with its mandate to lead, coordinate and promote the accountability of the United Nations system, is expected to reinvigorate the implementation of the gender equality and women's empowerment agenda within the organization in the next quadrennial comprehensive policy review cycle. At the same time, it is the responsibility of all United Nations entities to strengthen their capacity to promote gender equality. Indeed, the creation of UN-Women should strengthen the resolve of the United Nations in addressing gender equality and the empowerment of women in its work.

196. It is worth noting that UN-Women has already achieved concrete results, such as the development and adoption of the aforementioned system-wide action plan, and it has provided support in the development of gender equality policies in United Nations organizations such as FAO, IFAD, ESCAP, ESCWA and UNCDF.

197. However, the effectiveness of the gender mainstreaming approach within the United Nations system remains hampered by several factors, such as lack of leadership commitment, weak accountability for results, limited staff capacity, limited knowledge, insufficient financial resources and undeveloped reporting systems.

198. A recent review of the use of the Gender Scorecard, for example, indicates that no United Nations country team is meeting the average target for gender mainstreaming, with the strongest performance in the area of planning and

[43] The System-wide Action Plan for Gender Equality and the Empowerment of Women specifies the corporate processes and institutional arrangements that must be in place for effective gender mainstreaming at the level of the organization. It provides a means to plan, monitor and report on the establishment and use of gender mainstreaming processes in a consistent and comparable manner.

[44] The United Nations Country Team Performance Indicators for Gender Equality and the Empowerment of Women (also known as the "Gender Scorecard") defines clear performance standards for the processes and institutional arrangements that must be put in place by United Nations country teams when preparing common country assessment/United Nations Development Assistance Frameworks and joint programmes, in accordance with the system-wide action plan. By defining good gender mainstreaming practice, the Scorecard provides a clear and simple performance guideline around which United Nations country teams can plan and organize their activities, as well as report upon outcomes.

[45] The gender marker is a budget monitoring instrument, originally developed by OECD/DAC.

programming, but limited progress when it comes to gender budgeting, accountability, monitoring and evaluation, and partnerships.

199. The establishment of a causal link between gender mainstreaming efforts and results in enhancing gender equality and the empowerment of women at the country, regional and global levels also remains a challenge owing to undeveloped performance management systems within the Organization, an issue that is discussed further below. This limitation appears to derive both from the general weakness in the application of results-based-management principles and methods within the United Nations system and the specific difficulties in defining gender-related outputs and indicators in complex integrated programming. Nevertheless, it appears that programmes with a specific focus on women are more likely to use sound results-based-management techniques and score higher against performance standards than those where gender is one part of a broader initiative.

C. South-South cooperation

200. In paragraph 48 of its resolution 62/208, the General Assembly reaffirmed the increased importance of South-South cooperation, and in that regard, encouraged the funds, programmes, specialized agencies and other entities of the United Nations system to mainstream support to South-South cooperation and triangular cooperation to help developing countries.

South-South cooperation is experiencing strong growth

201. The period under review witnessed the continued growth of South-South cooperation. In 2010, South-South cooperation is estimated to have been between $13.0 billion and $14.8 billion. South-South cooperation from a number of major providers is estimated to have increased in 2011.[46] Triangular cooperation also gained significant momentum, with the increasing engagement of multilateral institutions. Six United Nations agencies have played a visible role in promoting triangular cooperation, by providing capacity-building, most notably in the areas of food security, the environment and health.[47]

Box 8
Selected milestones in South-South cooperation since 2007

- The International Fund for Agricultural Development (IFAD) has signed six South-South cooperation agreements in the Southern Common Market
- UNDP has established strategic partnership frameworks with Brazil, China and Turkey
- The Food and Agriculture Organization of the United Nations (FAO) has signed 45 tripartite agreements on South-South cooperation and fields over 1,500 experts

[46] Department of Economic and Social Affairs, study on trends in international development cooperation, 2012.

[47] Preliminary analysis of cases for the 2012 Development Cooperation Forum.

- The United Nations Industrial Development Organization (UNIDO) has established centres for industrial cooperation, including a centre for renewable energy and energy efficiency in Cape Verde
- UNICEF has issued guidance to staff on South-South cooperation
- Special Unit for South-South Cooperation created a three-in-one multilateral South-South architecture to enable all stakeholders to forge inclusive South-South and triangular partnerships

202. In 2008, the Secretary-General, through his Policy Committee, laid out a vision to mainstream support to South-South cooperation in corporate policy instruments and strategies of United Nations entities. The 2009 United Nations Development Group guidelines for the preparation of United Nations Development Assistance Frameworks and the United Nations Development Group priorities for 2010-2011 both included South-South and triangular cooperation as vehicles for national capacity development. On the urging of the High-level Committee on South-South Cooperation, a related framework of operational guidelines on South-South and triangular cooperation was prepared with a view to enhancing the mainstreaming of this approach in United Nations operational activities for development. When the High-level Committee so decides, those guidelines will need to be followed up by United Nations country teams.

203. The above system-wide policies have spurred active responses by individual entities. South-South and triangular cooperation is reflected in 15 recent annual reports and 17 medium-term plans of United Nations entities. A survey conducted by JIU in 2011 also confirmed that 17 out of 20 United Nations entities have legislative mandates on South-South cooperation. Thirteen organizations had programmes and/or projects identifiable as support to South-South cooperation at either the global, regional or national levels, whereas six organizations had South-South cooperation subsumed under their regular technical cooperation programmes. Many United Nations organizations and agencies have designed web-based platforms to facilitate South-South exchanges of knowledge and experience.

South-South cooperation is not yet a significant element of country-level programming

204. Some global guidelines, however, remain to be translated into concrete action at the country level. A JIU evaluation showed that out of 109 United Nations Development Assistance Frameworks, 17 explicitly referred to South-South cooperation, and five had a specific South-South cooperation-related outcome. Six out of 24 United Nations Development Assistance Frameworks starting in 2010 made reference to South-South cooperation.

205. Capacity and resource constraints partially account for the insufficient support to South-South cooperation. Three out of 20 United Nations entities have a dedicated unit at Headquarters dealing principally with South-South cooperation issues. In most United Nations organizations, it is not easy to identify staff and resources, in particular core funding, dedicated to South-South cooperation. According to the JIU survey, a total of $100 million non-core funding was reportedly used for financing South-South cooperation activities by United Nations

entities in 2010, accounting for less than 0.5 per cent of total expenditures on operational activities for development.

206. United Nations organizations are also confronted with operational barriers to execute projects supported by South-South cooperation providers. South-South cooperation is tied by some countries to procurement and the use of expertise of pivotal countries, whereas the rules and regulations of United Nations entities in some cases rule out that possibility.

207. The aforementioned limitations may have led to some perceptions among programme countries that the United Nations is not the most relevant partner in facilitating South-South and triangular cooperation. According to the survey of programme countries, less than half of governments considered the United Nations to be of significant relevance in advancing such cooperation.

208. There is considerable potential for United Nations organizations to programme South-South peer learning, and the cross-border provision of subregional and regional public goods, into their operational activities for development. Some 90 per cent of programme country governments saw the United Nations as being most relevant in the area of strengthening national capacity for policy and strategy development. Most governments also consider the United Nations to be a significant partner in providing advice on development policies and strategies and providing up-to-date knowledge and technical expertise.

209. South-South cooperation has proved to be an effective channel for capacity-building, sharing of knowledge and transfer of technology and in fostering regional integration. Strengthening South-South cooperation could help the United Nations elevate the relevance of its support in those areas. South-South cooperation therefore needs to be turned into a modality for regular, day-to-day programming and implementation when it comes to operational activities for development of the United Nations system. South-South cooperation could also in many ways inform traditional development cooperation.

210. There is considerable potential for United Nations organizations to programme South-South peer learning into their operational activities for development. Countries visited during the quadrennial comprehensive policy review process highlighted the growing demand for the United Nations to facilitate peer learning thanks to its universal presence and political neutrality. Areas for peer learning range from practical procedures for business facilitation to institutions for microfinance, development of the private sector and entrepreneurship, and capacity-building and public sector reforms.

211. At the same time, the report of JIU pointed to the need for the United Nations system to engage in more strategic thinking on policies on and financing mechanisms for South-South cooperation. Another important conclusion of the report was that the current institutional framework related to South-South cooperation should be reinforced. Towards that end, draft operational guidelines on mainstreaming South-South and triangular cooperation in United Nations operational activities for development are currently under discussion in the High-level Committee on South-South Cooperation.

212. An important message of the present report is that the time has come for United Nations entities to transform South-South cooperation from an issue of

special attention into a modality for regular, day-to-day programming and implementation of the system-wide operational activities for development.

D. Regional dimension of development

213. In paragraph 109 of its resolution 62/208, the General Assembly recognized, in regard to the functioning of the United Nations development system, the importance of aligning regional technical support structures and the regional bureaux to provide support to the United Nations country teams, including enhanced technical, programme and administrative support.

214. The regional dimension of development has gained prominence as a critical building block for enhanced global governance arrangements and providing the vital link between global frameworks and the national level. This is clear from the fact that many of the key policy actions and agreements to address the impact of the multiple crises were initiated at the regional and subregional levels, supported by the regional organizations and groupings which have evolved as important players in determining the development agenda at all levels.

215. Although the United Nations has been partnering with these regional institutions and processes to a certain extent, the system, led by the regional commissions, needs to reflect further on its repositioning to ensure more effective interaction with the new regional development architecture. An independent study commissioned by the regional commissions on the "Regional Dimension of Development and the United Nations System" (available from www.un.org/regionalcommissions) offers good insights and proposals in this regard. Possible steps would include the development of a regional development strategy and stocktaking of United Nations engagement with regional organizations. Member countries of regional commissions have welcomed the study.

216. The triennial comprehensive policy review emphasized the need for United Nations agencies to strengthen cooperation at the regional level. The regional coordination mechanisms mandated by the Economic and Social Council and the regional United Nations Development Group teams, chaired by the regional commissions and UNDP, respectively, constitute the main instruments for United Nations coordination at the regional level. The regional coordination mechanisms focus on policy, normative and analytical work and regional and subregional programming. The regional United Nations Development Group teams provide strategic direction, programmatic advice and oversight, technical support, quality assurance and advice to Resident Coordinators and United Nations country teams, especially on the United Nations Development Assistance Framework and joint programmes, performance management and troubleshooting.

217. Regional coordination mechanisms and regional United Nations Development Group teams can support and strengthen each other's work through a two-way interaction. For example, the outcome of the policy coherence work of the regional coordination mechanisms can be conveyed to regional United Nations Development Group teams to inform their country-level actions; and the respective elements of regional and subregional frameworks can be integrated into United Nations Development Assistance Frameworks in support of country development agendas. The regional United Nations Development Group teams can bring experience in national policy to the regional coordination mechanisms from which lessons can be

drawn. Those lessons can feed new normative/analytical work and lead to enhanced policy convergence at the regional level. This is an area with a further potential for improvement.

Linkages with the Resident Coordinator system remain works in progress

218. The linkages between the two regional support mechanisms and the Resident Coordinators and United Nations country teams at the country level remain works in progress, as reflected in the surveys of programme country governments and Resident Coordinators and the country teams, respectively.

219. Half of governments of programme countries expressed the view that enhancing regional and subregional cooperation should be accorded higher priority in the work of the United Nations at the country level. Of Resident Coordinators and United Nations country team members, 12 per cent consider the regional United Nations Development Group teams to have been very important in promoting country-level coherence in the past four years, while 18 per cent say they have not been important at all. Furthermore, 20 per cent of Resident Coordinators and United Nations country team members feel that providing the regional United Nations Development Group teams with greater resources would be very important for enhancing coherence in the next four years, compared with 52 per cent who are in favour of enhanced support to Resident Coordinators' offices at the country level. Some 16 per cent of Resident Coordinators and United Nations country team members expressed the view that providing greater resources to the United Nations Development Group regional teams would not be important at all. In a survey of United Nations country team members conducted for the review of the United Nations Development Group Management and Accountability study, some 18 per cent of United Nations country team members reported receiving "consistent support from regional United Nations Development Group teams on programme and operations issues", whereas 48 per cent agreed that such support was provided to some extent and 34 per cent not at all. According to a recent UNDP survey of Resident Coordinators/Resident Representatives, some 16 per cent of respondents reported receiving support and guidance from the regional United Nations Development Group teams.

220. The above findings could be seen as an indication that governments and United Nations country teams feel there is need for regional support structures to demonstrate their value added more effectively. Several proposals have been made in this regard, such as more effective division of labour and work planning between the regional coordination mechanisms and the regional United Nations Development Group teams; the possible merging of the two regional support structures; the strengthening of the participation of agencies in the regional coordination mechanisms and the regional United Nations Development Group teams; providing enhanced budgetary support to enable full staffing of regional United Nations Development Group teams; harmonizing the locations of regional offices of United Nations entities in each region; and improving the engagement of the regional coordination mechanisms and regional United Nations Development Group teams with civil society and the private sector at the regional level.

E. Results-based management and planning

221. In paragraph 14 (h) of its resolution 2011/7, the Economic and Social Council requested the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system, to a review of progress made by the United Nations development system to improve results-based strategic planning and management in order to improve accountability and transparency, and identification of measures to further improve its long-term delivery and results.

Results-based management is seen as essential for improving effectiveness and accountability

222. Results-based management has been part of the United Nations reform agenda for well over a decade. The triennial comprehensive policy review in 2007 established that operational activities should be valued and assessed based on their impact in increasing programme country capacities to pursue poverty eradication, sustained economic growth and sustainable development. Since the triennial comprehensive policy review, there have been increased efforts on the part of the United Nations development system to enhance results-based management within individual agencies and at the country level, through the United Nations Development Assistance Framework, as one of its five programming principles. The application of results-based management in the development field has gained currency over the past decade or so, and national governments and public institutions increasingly are adopting them. Further impetus for improving results-based management comes from demands in both programme and donor countries for the United Nations development system to demonstrate that it is achieving its objectives, that it does so efficiently, and that its activities are relevant to the needs and priorities of programme countries and contribute to improved and sustainable development outcomes.

Box 9
Selected milestones in results-based management and planning since 2007

- United Nations Development Group adopts standard format for United Nations Development Assistance Framework results reporting
- United Nations Development Group results-based management handbook issued
- United Nations Development Group adopts common principles of results reporting

223. While donor countries and programme countries may emphasize different aspects of results-based management, they all expect the United Nations development system to demonstrate value for the resources invested. Results-based management is also an integral part of the ongoing process of enhancing the accountability of the United Nations system. A study on results-based management was conducted in the framework of the present review, which also benefited from a

number of other studies. In addition, JIU is currently conducting a review of strategic planning in the United Nations system organizations, which will complement the work done as part of the quadrennial comprehensive policy review preparations.

224. The survey of programme countries found that 106 governments out of 110 considered "make better use of results-based methods" to be the second most important measure to improve the effectiveness of the United Nations. Likewise, 93 per cent of civil society organizations felt that making better use of results-based methods would be important to making the United Nations more effective. At the field level, 85 per cent of Resident Coordinators and United Nations country team members considered that the harmonization of agencies' results-based management systems would be the third most effective measure to improve country-level coherence. Many earlier reports on reform of United Nations operational activities for development have echoed the same view. More recently, the multilateral review reports of several donor countries have also argued that there are persistent weaknesses in results-based-management systems in United Nations organizations, which have become a significant constraining factor in assessing their results and impact.

Progress has been made in strengthening results-based management

225. The United Nations development system has made some progress in strengthening results-based management since the triennial comprehensive policy review in 2007. The senior management of individual agencies, programmes and funds, and the collective leadership of the United Nations Development Group, are driving a strong focus on results-based management. Following a review of results-based management in 2008, the United Nations Development Group commenced implementation of an action plan to address the shortcomings identified by the review and strengthen support to United Nations country teams. The release of the Results-Based Management Handbook in 2011 represents a major step towards harmonizing concepts and approaches to results-based management in the United Nations development system. Technical support in the form of training and web-based resources and tools is being provided to country offices and country teams. Steps have been taken to enhance the function of regional United Nations Development Group teams to provide advice and quality support to United Nations country teams on the United Nations Development Assistance Framework and related matters. In addition, various agencies are implementing quality assurance processes for country programmes to strengthen results-based management at the agency level. Strengthening results-based management in the United Nations development system should be seen in the broader context of national ownership of the development agenda and development results. The role of the United Nations development system is to complement national efforts in pursuit of sustainable development results.

A number of challenges remain

226. The challenges in implementing results-based management are similar to those experienced by national governments and other development institutions. The triennial comprehensive policy review saw the effective use of the United Nations Development Assistance Framework results matrix as an important dimension of strengthening evaluation of United Nations system results. In many countries,

however, there is a lack of a robust application of results-based management, demonstrated by the quality of results frameworks, an issue that is highlighted in several sections of the present report. The 40 United Nations Development Assistance Framework evaluations reviewed as part of the preparation of the present report were consistent in judging the quality of the results frameworks as being technically poor. Outcome statements are often broad, intended to allow all agencies to be included, while indicators, baselines and targets either remain undefined or do not measure the intended change. The existence of adequate results matrices that are reviewed and updated regularly, along with monitoring and evaluation systems, is a necessary prerequisite for evaluating the relevance and effectiveness of the United Nations development system. The importance of technically sound results frameworks has been reiterated in the evaluability assessments and independent evaluation of the "Delivering as one" countries. The alignment of plans to resources is a fundamental principle of results-based management, yet in practice there are often gaps between the plans and the resources that are realistically available for implementation.

Implementation of results-based management has not focused adequately on managing for results

227. Analysis conducted for the preparation of the present report, as well as several other studies, have found that reporting on results was not as effective as it should be. The United Nations development system has some way to go in fully institutionalizing the results-based approach to management. There are gaps, in particular at the country level, in the way in which results are understood by those who own and manage them; how results are used for decision-making; and communicating results to stakeholders, including national partners. Monitoring and evaluation, which is an integral part of the results-based management life cycle of results, is not done consistently, and resources for monitoring and evaluation, in many instances, are inadequate. Institutionalizing results-based management also requires peer review and learning, including feedback to country offices from headquarters, regional offices and Member States on results reports. Results-based management still has some way to go in its use as a tool for improving accountability, since accountability for results, particularly at the inter-agency level, is seldom clearly defined.

The complexity of defining and measuring development results has been underestimated

228. Defining and measuring results is a complex issue for a multilateral organization such as the United Nations. Agencies are able to measure concrete project-based outputs but have difficulty in linking their work in advocacy, capacity development and policy advisory services to changes that will have a positive impact on peoples' lives. This problem is pronounced in middle-income countries, where the United Nations development system tends to work in the area of policy advice and knowledge-sharing. A related challenge emanates from the pressure from some donor countries on United Nations agencies to quantify precisely their contribution to a development result or outcome in order to demonstrate their value added and relevance. Long-term transformative development interventions and results are often difficult to define, and many factors, which are often outside the control of agencies, can affect these results. Furthermore, defining results with any real precision, for the

medium-term, in often fluid and uncertain country contexts and with limited funding is not an easy task, and also tends to oversimplify the development process, which requires an intergenerational horizon and long-term commitment.

Reporting on results could be more effective

229. To date, the United Nations system has not made a sufficient distinction among the systems, tools and capacities that are necessary for monitoring lower-level results (outputs) and those at the higher level (outcomes). This is even more challenging when it comes to results on norms and standards emanating from the mandates of the United Nations system. For lower-level results, the primary objective of a results-based monitoring system is to be able to monitor the use of resources, implementation of activities linked to those resources, and the achievement of planned results (outputs) from the implementation of those activities. This level of results monitoring provides data regarding resource allocation and utility, implementation of United Nations activities and the results towards which they are focused, and can be done annually with governments in annual reviews of the United Nations Development Assistance Framework.

230. For higher levels of results, where the United Nations system and/or agency-specific contributions to overall national development impact need to be measured, more elaborate technical evaluations need to be designed that allow for such information to be assessed periodically. Both types of results reporting are important. In addition, the information generated by both systems needs to be systematically applied in institutional learning processes within the United Nations system and by partner countries.

231. The existence of multiple reporting frameworks and demands within the United Nations system and from donor countries poses an additional challenge. Agency country offices need to report to their respective headquarters, while the United Nations also needs to be able to report on its system-wide contribution at the country level, both to programme country governments and, increasingly, to donors. To compound matters, the indicators that are supposed to inform reporting are often different and not harmonized, thus adding more difficulties to a reporting system that is already burdensome.

232. Given the complexity of the situation, a joint study conducted by the United Nations Development Group and High-level Committee on Management in 2011 proposed the establishment of common principles for results reporting.[48] Those principles reflect the need to measure and report on effectiveness and efficiency gains, while at the same time reducing the reporting burden.

233. Some 94 per cent of programme country governments in the recent survey, within the context of reducing the workload of national partners, favour the use of a single format for progress reports. To facilitate such harmonization, a standard operational format and guidance for progress reporting on the United Nations Development Assistance Framework have been made available with the latest United Nations Development Group guidance.[49] Also, about 82 per cent of Resident

[48] Common Principles of Results Reporting, United Nations Development Group-High-level Committee on Management Joint Study, 15 July 2011.

[49] Standard operational format and guidance for reporting progress on the United Nations Development Assistance Framework, United Nations Development Assistance Framework

Coordinators and United Nations country team members considered the harmonization of agencies' reporting procedures to be among the most important measures to improve United Nations coherence at the country level.

F. Evaluation

234. In paragraph 138 of its resolution 62/208, the General Assembly encouraged the United Nations development system to further strengthen evaluation, with the agreement of the governing bodies of the funds, programmes and agencies, and in this regard encourages the United Nations development system to continue to strengthen evaluation across the system and to promote a culture of evaluation.

Ongoing efforts to strengthen the evaluation function in the United Nations system

235. Evaluation is generally accepted within the United Nations as an essential tool for demonstrating the effectiveness of the United Nations development system. With the greater focus on results, there is also an increasing demand for evaluative evidence. Entities within the United Nations system have been creating enabling environments for evaluation and increased adherence to the United Nations Evaluation Group Norms and Standards in Evaluation, adopted in 2005. The United Nations Evaluation Group, with voluntary membership of 43 evaluation units, continues to play a central role in strengthening the evaluation function and improving the overall quality of evaluation practice in the United Nations system. All Evaluation Group members are expected to adhere to the Group's Norms and Standards for Evaluation. Since 2007, the Group has produced several key guidance documents, including a Code of Conduct for Evaluation in the United Nations System; Good Practice Guidelines for Follow-up to Evaluations; Frequently Asked Questions for United Nations Development Assistance Framework evaluations; and a *Handbook on Integrating Human Rights and Gender Equality in Evaluations — Towards UNEG Guidance* in the United Nations System. The United Nations Evaluation Group has also played a critical role in coordinating and supporting the evaluability assessments for the "Delivering as one" country-led evaluations.

236. The United Nations system is improving its capacity to use evaluation evidence. In addition to United Nations Evaluation Group guidelines, individual entities have invested in strengthening their monitoring of management responses and recommendations. However, the absorptive capacity of the system is increasingly being tested as evaluation outputs increase across the system, and various studies concur that the system may not have the capacity to engage effectively with the recommendations of so many evaluations.[50]

annual report prototype, United Nations, 2010.

[50] See "Comprehensive review of the institutional framework for system-wide evaluation of operational activities for development of the United Nations system", Angela Bester and Charles Lusthaus, Office of the Deputy Secretary-General, United Nations, 2012.

Persistent evaluation capacity challenges

237. From data and recent studies of the United Nations Evaluation Group, including from the Office of Internal Oversight Services (OIOS) (see A/66/71), it is evident that evaluation units possess limited staff capacity, and only few agencies, for example, the Joint United Nations Programme on HIV/AIDS (UNAIDS), UNICEF, UNDP and UN-Women, have decentralized the evaluation function. Evaluation capacity at field level is essential, not only for evaluation of programmes of individual entities, but also for United Nations Development Assistance Framework evaluations. The financial and human resources for most evaluation units in the United Nations system are limited for their day-to-day work, and participation in system-wide, joint or multi-agency evaluations often means working without extra resources. Very few entities in the system have evaluation expenditures that exceed 1 per cent of their total expenditures.[50]

238. Country-level evaluations require functioning evaluation units in government and evaluation capacity in civil society organizations. This was recognized in the triennial comprehensive policy review. Building national capacity becomes increasingly important as governments pursue country-led evaluations or joint evaluations. JIU raised the issue of national evaluation capacity, stressing that the monitoring and evaluation of nationally executed projects in a number of instances were not government-led (see E/2009/103). Individual agencies, for example UNICEF, UNDP and UN-Women are working in partnership with evaluation associations and governments to develop national evaluation capacity. A United Nations Evaluation Group task force is working on the establishment of a conceptual framework for developing national evaluation capacity. Among other aspects, this framework will define the role of the United Nations Evaluation Group in building national evaluation capacity.

Box 10
Selected milestones in evaluation functions since 2007

- Series of guideline documents to promote further professionalization of evaluation function
- Peer reviews conducted of evaluation functions — the World Food Programme, OIOS, the Global Environment Facility, UNIDO, UNEP, the United Nations Human Settlements Programme, FAO
- United Nations Evaluation Group issued guidelines for integrating human rights and gender equality in evaluation; impact evaluation; evaluations of normative work
- Joint United Nations Evaluation Group-Government of South Africa evaluation
- United Nations Evaluation Group contributes to "Delivering as one" country-led evaluations and independent evaluation

- United Nations Evaluation Group issues model terms of reference for United Nations Development Assistance Framework evaluation
- United Nations Evaluation Group introduces guidelines on United Nations Development Assistance Framework evaluation management response

Variable quality and consistency of United Nations Development Assistance Framework evaluations

239. While resolution 62/208 stressed the importance of evaluating the United Nations Development Assistance Framework, a relatively small number of countries conducted full evaluations. The majority chose to conduct a midterm review instead, considering it more useful with a view to stimulating the implementation process and as input to the preparations of the next United Nations Development Assistance Framework, while also being less costly and saving some time. An assessment of 40 United Nations Development Assistance Framework evaluations and midterm reviews found that their quality varied, as did the effort put into them by United Nations country teams. Nevertheless, the evaluations provided some useful information for the present report on the effectiveness, or lack thereof, of United Nations Development Assistance Framework design and implementation. It is too early to tell whether United Nations country teams have responded to the newly introduced 2010 mandatory requirement for a United Nations Development Assistance Framework evaluation. Prior to this requirement, according to the 2011 survey for the Resident Coordinators' annual report, approximately 40 per cent of United Nations country teams that had some form of United Nations Development Assistance Framework claimed to conduct annual Framework reviews. However, the evaluations suggest that even when such annual reviews have been carried out, their value has been limited. These weaknesses in the United Nations Development Assistance Framework evaluation process have also undermined accountability for system-wide results at the country level, as highlighted in the sections of the present report on the United Nations Development Assistance Framework and results-based management.

Weak monitoring and evaluation systems at the country level

240. The United Nations Development Assistance Framework evaluations and midterm reviews also consistently comment upon the lack of operationalization of the monitoring and evaluation systems at the Framework (system-wide) level. When they cite evidence of the United Nations making a significant contribution, this was rarely based on evidence from the United Nations Development Assistance Framework monitoring and evaluation system. As such, the findings and conclusions of those evaluations echo those found in the global analyses of experience with results-based management and monitoring and evaluation carried out between 2006 and 2008 and by the results-based management study carried out as part of preparations for the present report. Evaluative and interview evidence from the United Nations Development Assistance Framework assessment identified no examples of Framework-level monitoring and evaluation systems working as suggested in the United Nations Development Group guidelines or in the United

Nations Development Assistance Framework monitoring and evaluation plans.[51] This is possibly the area in which the least progress has been made in terms of enhancing a results focus at the level of the United Nations country team. According to the 2010 Resident Coordinators' survey, 54 per cent of 88 Resident Coordinators reported that the United Nations Development Assistance Framework monitoring and evaluation system was aligned with national systems. In the survey of programme country governments, there was also strong support for entities working in the same thematic area to conduct joint monitoring and evaluation missions at the country level. Some 78 per cent of programme country governments expressed the view that such measures would be very important in order to reduce the workload of national partners.

Consistency of efforts to evaluate "Delivering as one"

241. Member States demonstrated their commitment to evaluate "Delivering as one", notably with the 2010 country-led evaluation conducted by programme countries. The United Nations development system deployed considerable efforts and resources to evaluate "Delivering as one", first with an evaluability assessment in 2008 and finally with an independent evaluation in 2012. The independent evaluation found that some pilot countries had invested considerable efforts in improving the monitoring and evaluation system of the One Programmes. However, this proved to be a highly complex challenge, and efforts have not yet yielded satisfactory results. There is evidence of successful joint programmes as critical contributors to "Delivering as one", and evidence of unsuccessful joint programmes as well. What the evidence from the "Delivering as one" evaluation(s) suggests is that the One Programmes composed of multiple joint programmes proved to be complex and required simplification of the number of results, more strategic focus and comprehensive joint monitoring and evaluation systems in order to provide information on the overall United Nations system (and not individual agencies) contribution to national development results. The "Delivering as one" country-led evaluations had already stressed that monitoring and evaluation needed more attention to be able to provide information on progress and results of the United Nations system in contributing to national development outcomes.[52]

Increasing demand for independent system-wide evaluation

242. Resolutions adopted by the General Assembly demonstrate that system-wide evaluation is a growing concern for Member States that desire greater coherence, effectiveness and accountability from the United Nations system (see resolutions 59/250, 62/208 and 64/289). In 2011, in response to resolution 64/289, the Deputy Secretary-General commissioned a comprehensive review of the existing framework

[51] Since then, the United Nations country team in the United Republic of Tanzania has established a monitoring and evaluation system to report on the implementation of the 2011-2015 United Nations Development Assistance Plan.

[52] See "Delivering as one" Country-led Evaluations — Synthesis Report, 2011. The report of the independent evaluation of "Delivering as one" will be submitted to the President of the General Assembly during the sixty-sixth session of the Assembly.

for independent system-wide evaluation of operational activities for development.[53] This review assessed the possibilities for the United Nations to improve independent system-wide evaluation mechanism(s) in order to provide system-wide evaluations, which are independent, credible and useful, on priority strategic and operational questions or issues facing the United Nations system. The independent system-wide evaluation was a broad, complex exercise with an extensive consultation process with Member States and evaluation units of the United Nations system, also drawing on external international experts. The review concluded that, while there is a demand for independent system-wide evaluation, the existing institutional framework is inadequate, there is little policy guidance, and no clear leadership or strategy for such evaluation. Coordination of independent system-wide evaluation has been ad hoc and inefficient, and the usefulness of reports has been variable.

243. The review further concluded that the politicization of independent system-wide evaluation has been an obstacle to progress, but that there was willingness in the United Nations system to have substantive discussions and dialogue on such evaluation. The recommendations of the review aim to be pragmatic, taking into consideration what possible actions could realistically move the issues forward. As per resolution 64/289 on system-wide coherence, the key findings, conclusions and recommendations of this review will be published soon in a separate report of the Secretary-General.

[53] See "Independent system-wide evaluation mechanisms, comprehensive review of the existing institutional framework for system-wide evaluation of operational activities for development of the United Nations system mandated in General Assembly resolution 64/289, final report, Angela Bester and Charles Lusthaus, April 2012.

Annex I

Survey of governments in United Nations programme countries

1. The survey of programme country governments was carried out in response to General Assembly resolution 64/289 on system-wide coherence. The survey questionnaire was developed in consultation with survey experts and a large number of United Nations officials, including the United Nations Development Group Advisory Group, and translated into all official United Nations languages.

2. The governments were notified about the survey three months in advance in a message from the Deputy Secretary-General, through the respective United Nations Resident Coordinator at the country level. In this message, governments were also invited to nominate the central ministry and focal point responsible for completing the survey questionnaire. The survey instrument was subsequently forwarded in a letter from the Deputy Secretary-General to the respective government minister in charge of coordinating United Nations operational activities for development. The letter of the Deputy Secretary-General encouraged governments, when completing the survey questionnaire, to consult widely with line ministries cooperating closely with United Nations entities in the delivery of operational activities for development. Sufficient time was provided to allow for such consultations. The design of the survey process endeavoured to ensure that the governments in programme countries exercised full leadership and ownership in completing the questionnaire. It is evident from the detailed responses to the survey that the governments did indeed invest significant amounts of time in completing the questionnaire.

3. The survey was completed by 111 programme countries, including 41 low-income countries, 44 lower middle-income countries, 20 upper middle-income countries and 6 other countries. The survey was organized around three topics, relevance, effectiveness, and efficiency, as called for in General Assembly resolution 64/289. A notable feature of the questionnaire was the interconnectedness of the topics. Support for national capacity development, in particular, played a prominent part in how governments assessed the relevance, effectiveness and efficiency of the United Nations operational activities for development. Similarly, "Delivering as one" and other measures to improve the coherence of the United Nations system were emphasized under each of the three topics.

4. Governments indicated that the United Nations Development Assistance Framework had helped to ensure that United Nations activities were closely aligned with national priorities; the Development Assistance Framework had also enabled the United Nations to produce better results than the entities could have achieved by planning their support separately. At the same time, governments expressed the view that there was much more to be done to realize the full benefits of the United Nations Development Assistance Framework and expressed strong support for more measures to simplify and harmonize procedures and to strengthen the coordination role of the United Nations Resident Coordinator.

5. Many governments also reported duplication among United Nations entities as well as competition for donor funding. These aspects applied especially in low-income countries and countries with significant humanitarian assistance needs. On the issue

of greater efficiency, governments called for wider use of country capacities and systems, and greater coherence among United Nations entities.

6. When asked to indicate the five most important areas for United Nations assistance in the coming four years, environment and sustainable development (including climate change, water and sanitation) was chosen by nearly all countries, and health was next in importance; among low-income countries, however, the order was reversed. Low-income countries were also more likely than others to choose support for poverty reduction and education.

7. Finally, governments were invited to compare the performance of the United Nations with that of two other categories of external partner: international financial institutions and other multilateral institutions, and bilateral donors. The respondents consistently placed the United Nations ahead of the international financial institutions and other multilaterals, and they in turn were placed ahead of bilateral donors.

Source: Analysis of responses to the survey of programme country governments (Department of Economic and Social Affairs, 2012).

Annex II

Independent evaluation of lessons learned from "Delivering as one"

1. The independent evaluation of lessons learned from "Delivering as one" was conducted in 2011-2012 in accordance with the mandate provided by General Assembly resolution 62/208 on the triennial comprehensive policy review and on the basis of modalities endorsed by the General Assembly in its resolution 64/289 on system-wide coherence.

2. The main conclusions and lessons learned from the independent evaluation are the following:

(a) Voluntary adoption of the "Delivering as one" approach by national governments of pilot countries has greatly enhanced their ownership and leadership of the reform process and United Nations programmes. The initiative has shown that the United Nations system is able to better respond to specific needs and priorities within the pilot countries, including least developed and middle-income countries;

(b) "Delivering as one" also allows the United Nations system to more adequately address cross-cutting issues (for example, human rights and gender equality) with the added benefit of enhancing its ability to support the governments on other multidisciplinary development issues (for example, poverty, child mortality or local governance). The "Delivering as one" approach has also facilitated enhanced advocacy on such issues;

(c) While other United Nations reform initiatives have focused on specific aspects of programming, funding, management and accountability, the uniqueness of "Delivering as one" is that it considers all those aspects in an interlinked package. The package also comprises a variety of other innovations that are potentially useful for the United Nations development system as a whole, for example, new ways of dealing with joint programmes and joint programming, shared monitoring systems, local joint procurement, common communications strategies and United Nations country team codes of conduct.

3. The One Programme, One Leader and One Voice approaches have not led to one line of accountability, and this has implications for the measurement of performance. Given the fact that each United Nations organization has its own governance structure, mandate and culture, individual agencies remain the primary unit of accountability for performance and management. Vertical accountability prevails over horizontal accountability. In many ways, "Delivering as one" has been "Delivering as if one".

4. United Nations country teams in pilot countries, with the support of Resident Coordinator Offices, are approaching the limits of what can be achieved in terms of reducing transaction costs and increased efficiency through country-level innovations covered by the One Office dimension. Since many high-level systemic elements have not been changed, the marginal cost of enhanced coordination at the country level is increasing. On more than one occasion, local solutions have presented management challenges at corporate levels. In many areas, only significant systemic change can make country-level coordination easier and cheaper.

5. The One Fund is a valuable addition to traditional funding modalities and offers the potential to address a broader range of the needs and priorities of programme countries than do traditional core and non-core funding, which are limited to those addressed by the agencies mobilizing the resources. There are, however, concerns about the sustainability of those funding instruments.

Source: Independent evaluation of lessons learned, secretariat to the Independent Evaluation of "Delivering as one" (Department of Economic and Social Affairs, 2012).